Ioannina, 16 June 2016

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Name of credit institution	COOPERATIVE BANK OF EPIRUS Cooperative of Limited Liabilities Distinctive title: COOPERATIVE BANK OF EPIRUS)

Year of incorporation	1978
Legal framework	Law 1667/1986, Law 4261/2014, BoG Governor's Act 2258/2.11.1993, Regulation (EU) No 575/2013, and the Bank's Articles.
Authorisation as a Credit Institution	Decision 535/5/2-11-1993 (Item 5) of the Banking and Credit Committee of the Bank of
Number of Branches	Greece 9
GEMI No	31499629000
VAT Reg. No	096069060
Tax Office	IOANNINA
Website	www.epirusbank.com
e-mail address	info@epirusbank.com
BoD composition	Konstantinos Zonidis
Chairman	Dimitrios Nasis
1st Vice-Chairman	Pavlos Chitas
Secretary	Georgios Giannakis
Treasurer	Vasilios Kolios
Directors	Athanasios Oikonomou Konstantinos Baratsas Spyridon Kyriakis Athanasios Tziallas Vlasis Papachristos
Employee representative	6 Patriarchou Ioakim, 45221 Ioannina
Address	26510 59000
Telephone	26510 28065
Fax	

A. DIRECTORS' REPRESENTATIONS

We hereby represent that, to the best of our knowledge, the Annual Financial Statements which were first prepared in accordance with the applicable International Financial Reporting Standards, fairly present the Assets and Liabilities, the Equity and the Profit & Loss Account of Cooperative Bank of Epirus Ltd. Further, the Annual Report of the Board of Directors fairly presents the development, performance and position of the Bank, including a description of the major risks and uncertainties it faces.

Ioannina, 16 June 2016

The Chairman of the BoD	The Treasurer
Konstantinos Zonidis	**Georgios Giannakis**
ID Card No. Φ 461644	**ID Card No. Ξ 673159**

B. ANNUAL REPORT OF THE BOARD OF DIRECTORS

This Annual Report of the Board of Directors (the **"Report")** refers to the financial year 2015 (1.1.2015 - 31.12.2015) and has been prepared in accordance with the provisions of Article 43A of Codified Law 2190/1920. This Report fairly presents all information required by law to provide a substantial and documented view of the activities, over the period under review, of Cooperative Bank of Epirus Ltd (the **"Bank" or the "Bank of Epirus")**

Greek economy

The Greek economy remained depressed in 2015 also, with the GDP declining by 0.3%. The most important drivers of depression have been the political and financial volatility since the end of 2014, the prolonged negotiations with the country's creditors in the first half of 2015, the bank holiday announced and the restrictions introduced on banking transactions and capital flows, the refugee crisis, and the new fiscal adjustment measures adopted under the new facility, which were considered necessary to achieve the revised fiscal targets. However the economy has proved quite resilient, and the impact was less severe and less extended than initially expected. The gradual elimination of the consequences of capital controls, higher expenditure and the fall in oil prices were all contributing factors.
The unemployment was reduced to 25%, yet the highest in Europe, while the inflation rate remained in negative territory (-1.1%).
The process of adopting the required measures so that the first review mission could be concluded, was postponed for early 2016, while the efforts for reform continued with the adoption of Law 4337/2015, Law 4342/2015, Law 4346/2015 and Law 4354/2015, which establish regulations relating to pensions and salaries, as well as other fiscal and structural regulations. A positive outcome from the review should have a significant effect on real economy, and considerably improve sentiment.

Greek banking system

The banking system was faced with unprecedented challenges, including a mass bleed of deposits, the deterioration of loan portfolios, the bank holiday and the capital controls introduced. As a result of the above developments, a new cycle of recapitalisation was required. The recapitalisation of the Greek banking system was successfully completed in December 2015, primarily drawing on private funds, while the Financial Stability Fund covered the additional capital needs of the systemically important banks with approximately 5.4 billion euros, much less than the amount of 25 billion euros initially anticipated. The Bank of Epirus also managed to successfully overcome the obstacle of recapitalisation.

Liquidity was improved as a result of the recapitalisation and capital controls, while some return of deposits was recorded. As a result, the dependence of Greek banks on the Emergency Liquidity Assistance mechanism (ELA) dropped by approximately 19 billion euros. This reduction in the ELA dependence threshold reflects the improved levels of liquidity, along with improved confidence and a more stable deposit base.
The number of non-performing loans increased remarkably in 2015. Contributing factors were the postponed implementation of the Code of Conduct and the non-performance of auctions and attachments due to the prolonged abstention of lawyers. The obligation of banks to achieve specified targets, combined with the new institutional framework associated, among others, with the creation of a secondary market of non-performing loans, expedited court proceedings and the easier realisation of collateral by banks, is expected to have a positive effect on the gradual reduction of non-performing loans. Law 4335/2015 transposed into the Greek legislation Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (BRRD), with the exception of the provisions for absorbing losses in case of financial stability measures and the bail-in of certain eligible liabilities, which become fully effective on 1 January 2016.

Developments concerning the Bank of Epirus
Although faced with adverse conditions, the Bank managed to restore its capital adequacy, raising approximately 12.2 million euros in total, in implementation of the decisions of the Extraordinary General Meeting of 24 November 2015, whereby it increased its share capital and issued a bond loan which is counted in funds for compliance with the regulatory capital requirements.
The Bank of Epirus was the only bank to reach an agreement with a strategic investor, in accordance with the provisions of Law 4340/2015. Specifically, the Supplementary Professional Insurance Fund of Insurers and Insurance Undertakings (TEA-EAPAE) also participated in the capital increase. The aim was to improve the Bank's capital adequacy, strengthen its liquidity and support its long-term growth.
The Bank's liquidity was improved as a result of the recapitalisation and the capital controls.

The Bank places particular emphasis on the management of debt in arrears, the reduction of which is a key priority. In 2014 the Bank set up an arrears administrative body which forms an independent administrative body with the purpose of monitoring past due loan accounts, in accordance with the Code of Conduct (Law 4224/2013), and ECA 42/30.5.2014, ECA 47/9.2.2015 and 82/8.3.2016. The Bank, in order to effectively manage NPLs, focused on the following main strategies: (a) closer monitoring of borrowers; (b) intensified efforts to collect receivables; (c) improvement of collateral through additional charges; and (d) targeted and viable modifications.

Conversion of deferred assets to current assets receivable from the Greek public sector (Article 27(a) of Law 4172/2013): By decision of the Extraordinary General Meeting of 24 November 2015, the Bank was included in the provisions of Article 27(a) of Law 4172/2013. The purpose of inclusion was to establish deferred tax assets (DTA) by converting them to current tax assets (CTA) which are credited to the regulatory own funds and regulatory ratios, thus enabling higher liquidity in the future, as a result of the collection of cash or cash equivalents. The maximum balance of deferred assets that may be converted, subject to Article 27(a) of Law 4172/2013, to current assets receivable from the Greek public sector currently stands at 9 million euros.

Development of financial figures and profit & loss for FY 2015
Assets: Total assets declined by 34 million euros, as a result of reduced cash and increased accumulated provisions for credit risk. Deferred tax assets increased primarily due to the change of the tax rate from 26% to 29% and the temporary differences between the tax and the accounting base of provisions.
Loans: At the end of December 2015, total loans stood at 220 million euros and practically remained unchanged. Accumulated provisions stood at 50 million euros compared to 44 million euros as at 31.12.2014, up by 14%. Denounced loans stood at 71.88 million euros, or 32.67% of the loan portfolio. The ratio of loans past due over 90 days to total loans stood at 61.03% at the end of December 2015. The coverage ratio of loans past due over 90 days from accumulated provisions stood at 37.88%. The value of covers equals 72.63% of the value of the debt obligations.

Own funds: The Bank's own funds as at 31.12.2015 stood at 10.9 million euros compared to 5.8 million euros in the previous year, primarily due to the successful capital increase carried out towards the end of the year. As a result, the capital adequacy ratio reached 9.29%.
Liabilities: Deposits stood at 177 million euros, reduced by 22.38% compared to 31.12.2014, pushing the loan to deposits ration up to 124.51%. The above ratio has declined compared to its level of 95.64% at 31.12.2014, due to the mass outflow of deposits during the year. The downward trend of deposits continued through 2015. Debt instruments represent the amount of 6.02 million euros raised following the successful issue of one (1) new bond loan at the end of the year, in the context of the Bank's recapitalisation.
Financial results: Net income interest stood at 12.48 million euros, compared to 17.39 million, as a result of a lower net margin. Net commission income stood at 1.48 million euros, down by 19.55% compared to the previous year, in the backdrop of the bank holiday and the continued restrictions on capital flows. The Bank's operating expenses stood at 5.70 million euros, down by 3.72% compared to 2014. Provisions for credit risk coverage stood at 6.23 million euros compared to 1.86 million in 2014. Income tax (deferred) represented a credit, and stood at 1.70 million euros, mainly affected by the increase in the tax rate from 26% to 29% during the year. Earnings before tax represented losses of 2.77 million euros compared to profit of 2.03 million in the previous year. Despite the adverse economic conditions that prevailed for the most part of the year, earnings before tax and provisions for

2015 stood at **3.46 million euros**, allowing the Bank to strengthen its capital base and cover credit loss from the increased provisions that had been formed.

Risk management

The Bank places particular emphasis on the assessment and monitoring of the risks to which it is exposed. This task is undertaken by the Risk Management Unit. The Bank fully complies with the new regulatory framework that is effective from 1 January 2014, pursuant to Directive 36/2013 and Regulation No 575/2013 which gradually introduce the rules of Basel III. Directive 2013/36/EU was transposed into the Greek legislation by Law 4261/2014, which establishes a new operating framework for banks, abolishing Law 3601/2007. The new framework became effective on 1 January 2014.
In addition to the assessment of capital requirements for credit risk, the Management monitors and assesses all risks to which the Bank is exposed and calculates the minimum capital requirements. With regard to liquidity risk, the Bank has established a policy and a liquidity crisis response plan, and regularly monitors key liquidity indicators.

Finally, the Management assesses the Bank's exposure to operational and interest rate risk. The Bank's exposure to interest rate risk is the minimum possible, because its entire loan portfolio includes floating rate products and also because it does not hold any special products.
Parallel to the evaluation, approval and granting of loans, particular emphasis is placed on the management of arrears, the limitation of which is a key priority for the Bank.
In 2014 the Bank set up the Arrears Management Body (AMB). The Management's intention is to monitor past due loan accounts, in accordance with the Code of Conduct (Law 4224/2013), and ECA 42/30.5.2014, ECA 47/9.2.2015 and 82/8.3.2016. The AMB monitors all loans, other than smoothly performing (not modified) loans or loans past due up to 90 days.

G. Outlook

The Bank managed to overcome the major risks that emerged in 2015. It managed to restore its capital adequacy to preserve and support its further development, successfully completing the capital increase at the end of the year, with the participation of the strategic investor. The main goals for 2016 include:

- Managing arrears, the limitation of which is a key priority for the Bank;
- Retaining and improving capital adequacy;
- Attracting funds with the purpose of allocating them to the local economy and supporting healthy entrepreneurship;
- Further upgrading and expanding e-banking services;
- Making available adequate funding to the local economy and extending facilities to the shareholders;
- Achieving satisfactory liquidity levels through deposits and collaboration with other financial organisations;
- Achieving closer cooperation with local authorities of all levels, and the production agencies of Epirus;
- Reducing administrative expenses;
- Retaining and developing the network of branches.

INFORMATION ABOUT THE PERIOD 01/01/2015 TO 31/12/2015 IN ACCORDANCE WITH ARTICLE 6 OF LAW 4374/2016

I. Payments (VAT exclusive) for the period 01/01/2015-31/12/2015 for advertisement or promotion through media undertakings (as per Article 6(1) of Law 4374/2016).

Trade name or full name	Amounts in EUR
HUMO NERTIL-HUMO BLEDAR OE	150.00
ICAP SA	1,094.00
NEXT COM SA	39,973.54
ATHANASIOU EVANGELOS & CO OE	325.20
ANASTASIOU A. & CO EE	690.43
ELENI ARLETI	50.00
SPYROS AVGERINOS	228.00
NIKOLAOS VRELLIS	208.40
CHRISTOS GEORGOULAS	90.00
GEORGIOS GIANNAKIS	190.00
YUBOTO LTD TELECOMMUNICATIONS & INTERNET SERVICES	395.00
ARISTOFANIS GANIATSAS	120.00
GANIATSAS BROADCASTING SA ART TV	3,625.86
PANAGIOTA GEKA	40.65
NIKOLAOS GOTSIOULIAS	100.00
DIMOKRATIKOS TYPOS	1,000.00
PREVEZA MUNICIPAL CORPORATION OF COMMUNICATION & INFORMATION	200.00
MUNICIPAL CORPORATION OF COMMUNICATION & INFORMATION	40.00
ETHNOS PUBLICATIONS SA	860.00
NIKOLAOS ZARBALAS	172.00
VASILIKI ZERVA	212.60
IORDANIS IOANNIDIS	200.00
IOANNINA TV SA	2,750.00
MICHAIL KALOGIANNIS	228.00
KOSTAS KALTSIS	360.00
DESPINA KARASAVOGLOU	100.00
DIMITRIOS KATSANTOULAS	200.00
DIMITRIOS KATSIPANELIS	200.00
PANTELIS KEFIS	300.00
APOSTOLOS KIOCHOS	152.00
KONSTANTINOS KOTANITSIS	130.00
KOUTSOLIONTOU I. & E. OE	202.60
LEFAS A.K. & CO EE	228.00
LEFAS ALEXIS & CO EE	100.00
ALEXIOS LEFAS	456.00
LOGOTYPOS SA	203.25
EVANGELOS MASTORAS	40.65
CHRISTOS MATSIRAS	40.00
VASILIOS MOUKAS	213.12
GERASIMOS BENETATOS	50.00
BOKAS G. & CO SA	250.00
STEFANOS NIKOLAOU	152.00
ANTIGONI DAI	50.00
GEORGIOS DINOS	140.00
EPIRUS TELEVISION SA	3,250.00
FOTINI PAPAGEORGIOU-TZEKA	284.55

PAS GIANNIKA FOOTBALL CLUB SA 1966	22,000.00
EVANGELOS PICHAS	500.00
EPIRUS BROADCASTING SA	3,384.38
EVANGELOS RATSIKAS	50.00
GEORGIOS SERVETAS	152.00
LAMBROS SPYROU	325.20
ELENI STAMOU	212.61
TATSIS GEORGIOS & CO OE	150.00
TZALLA E. ARETI-ANNA & CO EE	325.20
TZEKAS D. & CO OE	240.00
HARALAMBOS TZEKAS	605.85
HARALAMBOS TZIORAS	233.60
IOANNIS TZOVAS	524.55
TSITOS TH. - KARAGIORGOS E. & CO OE	150.00
KONSTANTINOS TSONIS	81.30
NIKOLAOS FATSIOS	50.00
Total	**89,030.54**

II. Payments (VAT exclusive, if any) for the period 01/01/2015-31/12/2015 due to donations, sponsorships, grants or other gratuities (as per Article 6(2) of Law 4374/2016).

Trade name	**Amounts in EUR**
ACHILLEUS NEOCHORIOU SPORTS CLUB ARTA	300.00
AMBELOKIPI SPORTS CLUB	200.00
BUDO SPORTS CLUB	700.00
VANI ALEXIA EE	300.00
WRITERS' ASSOCIATION OF EPIRUS	1,000.00
ARTA ARCHDIOCESE	2,000.00
PARAMYTHIA ARCHDIOCESE	2,000.00
PREVEZA ARCHDIOCESE	2,300.00
IOANNINA YACHT CLUB	400.00
TSAKALOF CULTURAL CENTRE	1,300.00
SOCIETY OF BLIND AND AMPUTEES	100.00
SOCIETY OF BLIND AND AMPUTEES	150.00
FLOGA PANHELLENIC PARENTS ASSOCIATION OF CHILDREN WITH CANCER	300.00
ARTA ASSOCIATION OF BLOOD DONORS	300.00
ELPIDES UNION OF IOANNINA	500.00
VIKOS-AOOS AND PINDOS CONSERVATION AREAS AGENCY	1,500.00
TZOUMERKA - PERISTERI AND HARADRA - ARACHTHOS NATIONAL PARK AGENCY	3,000.00
SOCIAL PROTECTION, SOLIDARITY AND PRE-SCHOOL EDUCATION ORGANISATION OF IOANNINA	1,350.00
Total payments to legal entities	**17,700.00**

Total payments to natural persons	**5,350.00**

C. INDEPENDENT CERTIFIED AUDITOR-ACCOUNTANT'S REPORT

To the Shareholders of “Cooperative Bank of Epirus Ltd”

Audit Report on the Financial Statements

We have audited the accompanying financial statements of Cooperative Bank of Epirus Ltd, which comprise the statement of financial position of 31 December 31, the income and comprehensive income statements, the statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting principles and methods, and other explanatory notes.

Management’s Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements, in accordance with the International Financial Reporting Standards, as adopted by the European Union, and for those safeguards the management considers necessary to enable the preparation of financial statements free of material misstatements due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the International Auditing Standards. These standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from any material misstatements.

An audit involves performance of procedures to obtain audit evidence with regard to the amounts and disclosures in the financial statements. The procedures selected rely on the auditor’s judgment, including the assessment of risks of material misstatements in the financial statements, whether due to fraud or error. In making such risk assessments, the auditor considers the safeguards relevant to the preparation and fair presentation of the financial statements of the company, with the purpose of planning audit procedures appropriate to the circumstances, but not with the purpose of expressing an opinion on the effectiveness of the company’s safeguards. An audit also includes the evaluation of the appropriateness of the accounting principles and methods applied and the reasonableness of accounting estimates made by the management, as well as an evaluation of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and adequate to form the basis for our audit opinion.

Opinion

In our opinion, the attached financial statements fairly present, in all material aspects, the financial position of Cooperative Bank of Epirus Ltd as at 31 December 2015, and its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards, as adopted by the European Union.

Limitation of Scope

Your attention is drawn to note 2.2 to the financial statements, where reference is made to the material uncertainties resulting from the current economic environment in Greece and current developments which could affect the Bank's liquidity and capital adequacy. The above considerations could have a negative impact on the Bank as a going concern. No further qualifying remarks are expressed in our opinion pertaining to this matter.

Report on Other Legal and Regulatory Requirements

We have verified the agreement and reconciliation of the Board of Directors' Report with the attached financial statements.

Paleo Faliro, 17 June 2016
The Certified Auditor-Accountant

Stergios K. Detsikas
SOEL Reg. No. 41961

Grant Thornton
An instinct for growth

D. ANNUAL FINANCIAL STATEMENTS FOR FY 2015
STATEMENT OF COMPREHENSIVE INCOME

Amounts in EUR	**Note**	**1/1-31/12/2015**	**1/13-1/12/2014**
Interest receivable and similar income		12,479,019	17,396,887
Interest payable and similar charges		4.688.412	-8,231,738
Net interest income	**6**	**7,790,607**	**9,165,149**
Commissions income		1,486,155	1,847,407
Commissions expenses		-1,353	-188
Net commissions income/(expenses)	**7**	**1,484,802**	**1,847,219**
Income from insurance activities		85,623	77,634
Expenses from insurance activities		0	0
Net income from insurance activities	**8**	**85,623**	**77,634**
Net other income/(expenses)	**9**	307,961	3,133
Net operating income		**9,668,994**	**11,093,134**
Personnel expenses	**10**	-2,766,755	-2,849,074
General administrative and other operating expenses	**11**	-2,938,484	-3,068,440
Depreciation of investment property, PPE, software & other intangibles	**17.18**	-361,586	-386,858
Impairment provisions for credit and other risks	**15**	-6,229,279	-1,864,000
Provision for impairment of participating interests and securities		0	-788,225
Impairment of PPE	**18**	-141,696	-102,332
Profit/ (loss) before tax		**-2,768,807**	**2,034,204**
Taxes	**12**	1,698,342	-555,314
Net profit/(loss) after tax (A)		**-1,070,465**	**1,478,890**
Attributable to:			
Bank shareholders		**-1,070,465**	**1,478,890**
Plus:			
Actuarial gains/(losses)		2,683	-9,632
Capital increase expenses		-55,597	0
Corresponding tax		15,345	0
Other comprehensive income/(expenses) after tax (B)		**-37,569**	**-9,632**
Total comprehensive income/(expenses) after tax (A)+(B)		**-1,108,034**	**1,469,259**
Holders of non-controlling interests			
Bank shareholders		**-1,108,034**	**1,469,259**
Earnings/(loss) per share (EUR) - Basic and adjusted		**-0.07**	**3.94**

STATEMENT OF FINANCIAL POSITION

Amounts in EUR	Note	31.12.2015	31.12.2014
Assets			
Cash with central banks	**13**	4,628,235	9,491,079
Receivables from financial institutions	**14**	9,018,389	35,490,847
Loans and receivables from customers (after provisions)	**15**	170,025,682	173,780,392
Available-for-sale financial assets	**16**	193,604	193,604
Participating interests in subsidiaries and affiliates		26,734	26,734
Goodwill, software and other intangible assets	**17**	83,807	105,901
Property, plant and equipment	**18**	5,026,700	5,457,361
Deferred tax assets	**19**	9,565,242	7,851,555
Other assets	**20**	7,358,494	8,291,135
TOTAL ASSETS		***205,926,885***	***240,688,609***
Liabilities			
Payables to credit institutions	**21**	13,927,222	6,609,369
Payables to customers	**22**	172,476,005	221,958,810
Liabilities to debt instruments	**23**	6,021,000	0
Retirement benefit obligations	**24**	229,253	199,257
Income tax	**25**	105,000	114,073
Other liabilities	**26**	2,211,085	5,949,802
Total Liabilities		***194,969,565***	***234,831,312***
Equity			
Cooperative capital	**27**	8,220,347	19,206,822
Share premium	**28**	7,355,657	6,776,752
Less: Treasury shares		0	0
Reserves	**29**	1,819,363	1,641,360
Results carried forward		(6,438,047)	(21,767,636)
Own funds of Bank shareholders		***10,957,320***	***5,857,297***
TOTAL EQUITY AND LIABILITIES		***205,926,885***	***240,688,609***

STATEMENT OF CHANGES IN EQUITY

Amounts in EUR	Share capital	Share premium	Reserves	Results carried forward	Total
Equity balance 01/01/2014 as per SAPB	**19,281,366**	**6,667,964**	**2,030,070**	**696,754**	**28,676,154**
IFRS adjustments	(570,588)	10,945	(158,592)	(23,779,604)	(24,497,839)
Equity balance 01/01/2014 as per IFRS	**18,710,778**	**6,678,909**	**1,871,478**	**(23,082,849)**	**4,178,315**
Shareholder subscriptions/deregistrations	(2,958)	153	10,918	0	**8,113**
Profit & loss after tax	0	0	0	1,478,890	**1,478,890**
Other total income/(expenses) after tax	0	0	0	(9,632)	**(9,632)**
Capitalisation of reserves under Law 4172/2014 and Law 2065/92	189,004	0	(60,862)	(128,142)	**0**
Income tax on reserves	0	0	(10,740)	0	**(10,740)**
Allocation of previous period results	0	0	25,903	(25,903)	**0**
Finalisation of previous year new subscriptions	309,998	97,690	10	0	**407,698**
Return of invested capital	0	0	(195,347)	0	**(195,347)**
Equity balance 31 December 2014	**19,206,822**	**6,776,752**	**1,641,360**	**(21,767,636)**	**5,857,297**

	Share capital	Share premium	Reserves	Results carried forward	Total
Equity balance 01/01/2015	**19,206,822**	**6,776,752**	**1,641,360**	**(21,767,636)**	**5,857,297**
Profit & loss after tax	0	0	0	(1,070,465)	**(1,070,465)**
Other total income/(expenses) after tax	0	0	0	(37,569)	**(37,569)**
Capital reduction through set-off of losses	(16,632,352)	0	0	16,632,352	**(0)**
Capital increase	5,559,740	557,518	3,613	0	**6,120,871**
Finalisation of previous year new subscriptions	86,137	21,388	1,690	0	**109,215**
Return of invested capital	0	0	(22,029)	0	**(22,029)**
Distribution approved by the GM of 07/08/2015	0	0	194,729	(194,729)	**0**
Equity balance 31 December 2015	**8,220,347**	**7,355,657**	**1,819,363**	**(6,438,047)**	**10,957,320**

CASH FLOW STATEMENT

Amounts in EUR	**01.01. - 31.12.2015**	**01.01. - 31.12.2014**
Cash flows from operating activities		
Profit/(loss) before tax	(2,768,807)	2,034,205
Plus/less adjustments for:		
Impairment and provisions	6,370,975	2,754,557
Depreciation and amortisation	361,586	386,858
Retirement benefits	32,570	8,657
Cash flows from operating activities before change in operational assets and liabilities	*3,996,325*	5,184,277
Changes in operational assets and liabilities:		
Net (increase)/decrease of loans and receivables from credit institutions	26,472,459	(12,934,244)
Net (increase)/decreae of loans and receivables from customers	(2,474,568)	1,170,082
Net (increase)/decrease of receivables from debt instruments	0	86,535
Net (increase)/decrease of other assets	932,641	809,420
Net increase/(decrease) of payables to credit institutions	7,317,852	(2,366,381)
Net increase/(decrease) of payables to customers	(49,482,805)	4,744,142
Net increase/(decrease) of other payables	(3,738,717)	2,131,952
Income tax paid	(8,965)	(80,455)
Net cash inflows/(outflows) from operating activities	**(16,985,778)**	**(1,254,673)**
Cash flows from investing activities		
Purchase of investment portfolio securities		
Purchase of PPE and intangible assets	(50,527)	(182,997)
Total inflows/(outflows) from investing activities (b)	**(50,527)**	**(182,997)**
Financing activities		
Issue/(repayment) of debt instruments and other borrowed funds	6,021,000	
Share capital increase	6,169,186	404,883
Collections/(payments) of reserves	(16,725)	(195,160)
Net cash inflows/(outflows) from financing activities	**12,173,460**	**209,723**
Net increase/(decrease) in cash and cash equivalents for the period (a) + (b) + (c)	**(4,862,844)**	**(1,227,947)**
Cash and cash equivalents at period start	**9,491,079**	**10,719,026**
Cash and cash equivalents at period end	**4,628,235**	**9,491,079**

E. NOTES TO THE FINANCIAL STATEMENTS

1. Information about Cooperative Bank of Epirus Ltd

1.1 General information

The Cooperative Bank, as a mere credit cooperative of variable capital, aims to offer banking services as those are laid down in the applicable legislation for cooperative banks, with the purpose of promoting the financial growth of its shareholders and expanding its activities. It was authorised by decision 535/2-11-1993 of the Banking and Credit Committee of the Bank of Greece.

The past decade has been a period of radical changes and restructuring for the Greek banking system. The market has transformed from a structure of traditional and, for the most part, State-owned commercial banks, to private, flexible and modern credit institutions with competitive position in global markets.

1.2 Bank structure and activities

The Cooperative Bank has:

- Nine business units: four in Ioannina, one in the bordering municipality of Anatoli, one in Preveza, one in Louros, one in Igoumenitsa and one in Arta, which opened in September 2011, and 13 ATMs across the region of Epirus;
- ATMs which operate 24/7 at local and national level;
- Credit and debit cards;
- High-return deposit products;
- Retail banking facilities.

The Bank's products are flexible to meet the special needs of our customers.

The main categories of customers are:

- Small businessmen - Professionals - Tradesmen primarily from the category of small and medium enterprises
- Farmers - Livestock farmers
- Owners of hotels and other accommodation facilities
- Self-employed

- Developers - Construction companies
- Households that need to meet housing and other consumer needs

The Cooperative Bank carries out transactions with its members, other credit institutions, and the Greek public sector.

1.3 BoD composition

The Board of Directors was elected by the General Meeting of 7 October 2012 and consists of nine directors:

- Konstantinos K. Zonidis, Trader, Chairman of the BoD
- Dimitrios Nasis, 1st Vice-Chairman of the BoD
- Pavlos Chitas, Private sector employee, Secretary of the BoD
- Georgios Giannakis, Journalist, Treasurer of the BoD
- Vasilios Kolios, Economist, Director and Chairman of the Audit Committee
- Kostantinos Baratsas, Trader, Director and member of the Audit Committee
- Athanasios Oikonomou, Farming businessman, Director and member of the Audit Committee
- Athanasios Tziallas, Economist, Director
- Spyridon Kyriakis, Businessman, Director

2. Basic accounting principles

2.1 Basis of presentation

These financial statements of the Bank of Epirus for the financial year ended 31 December 2015 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB), and with the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union. Also, the provisions of IFRS 1 “First-time adoption of International Financial Reporting Standards” were applied, which became effective on 1 January 2014 being the date of transition to the IFRSs.

In accordance with the provisions of Article 1(3) of Law 4308/2011, starting from 1 January 2015 the Bank will be preparing its financial statements in accordance with the International Financial Reporting Standards, as adopted by the European Union. The financial statements have been prepared based on the historical cost principle. On transition to the IFRSs, the Bank’s property was measured at deemed cost, in accordance with IFRS 1, based on independent valuations.

Until 31 December 2014, the Bank’s financial statements were prepared in accordance with the Sectoral Accounting Plan for Banks (SAPB). The Bank’s Management adopted certain new accounting principles so that the financial statements were in line with the provisions of the IFRSs.

The preparation of financial statements in accordance with the IFRSs requires the use of certain critical accounting estimates. It also requires that the Management makes subjective judgments in the process of applying the accounting principles. Moreover, it requires the use of estimates and assumptions which affect the above amounts of assets and liabilities, the disclosure of contingent receivables and liabilities as at the date of the financial statements, and the reported income and expense amounts in the year under review. Although these calculations are based on the best possible knowledge of the Management with respect to the current conditions and activities, the actual results may eventually differ from such estimates.

2.2 Going concern principle

These financial statements were prepared on the basis of the going concern principle. Despite the existence of conditions which cause uncertainty over the above principle and relate to the adverse macroeconomic environment, the Bank's capital adequacy and liquidity risk, the Management estimates that the Bank will smoothly continue its operations, also in view of the participation of a strong strategic investor in its capital.

Macroeconomic environment:

The adverse economic conditions in Greece, combined with the current political developments, are the main factor of uncertainty for the Greek banking sector. The prolonged depression of the past six years has led to a significant increase in non-performing loans and, as a result, to a burden on the Bank's results and equity. The bank holiday in Greece from 29 June 2015 to 20 July 2015 and the continuing capital controls intensified economic uncertainty, as well as the pressures on the financial system and the budgetary figures. On 12 July 2015 the Council of the European Union made an announcement according to which the Greek government was required to introduce a number of measures as a prerequisite for the start of negotiations aiming to a new financial assistance programme under the European Stability Mechanism (ESM). The Greek parliament, on 15 and 23 July, approved part of the requirements set by the European Council, by passing Law 4333/2015 regarding the negotiations and conclusion of a loan agreement with the ESM, and Law 4334/2015 relating to urgent arrangements to negotiate and conclude an agreement with the ESM, followed by the passing of Law 4336/2015 on 14 August, concerning pension arrangements, ratification of the draft financial assistance agreement with the European Stability Mechanism, and arrangements to implement the financing agreement.

The provisions of Article 2 of Law 4334 transposed into the Greek legislation Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, which become effective on 1 January 2016. The impact of the capital controls further aggravated the depression and, therefore, it is possible that the Bank will suffer a deterioration of its loan and a further impairment of collateral. The restrictions on capital flows remained as of the date on which the financial statements were approved; this may indeed be a contributing factor to the stabilisation of deposits, but could lead to a slowdown and keep withdrawn deposits away from the Greek banking system.
On 22 May 2016, Law 4389/2016 (Government Gazette 94A/27.05.2016) was passed, concerning urgent provisions for the implementation of the agreement relating to fiscal targets and structural reforms, and other provisions. Article 70 of the Law established the framework for the management of receivables from loans and facilities granted by credit or financial institutions, which are transferred or assigned to companies servicing or acquiring receivables from loan and credit facilities. At the Eurogroup meeting of 24 May 2016 it was confirmed that the adoption of the bill on 22 May 2016 regarding full implementation of the required measures would open the way to the completion of the first review session and the approval for disbursement of 10.3 billion euros. Of this instalment, the amount of 7.5 billion euros is expected to be disbursed in June and allocated for the repayment of debt obligations and part of past due debt, with the purpose of supporting the economy. At the same time, to ensure that the sovereign debt remains sustainable, short-, medium- and long-term measures were agreed upon, by reference to the level of gross financing needs to the GDP. That decision is expected to substantially contribute to the restoration of sovereign debt sustainability. The completion of the review session, combined with the sovereign debt relief measures, is expected to improve sentiment, thus contributing to the implementation of privatisations, the gradual lift of the restrictions on capital flows, the return of the GDP to positive territory, the acceptance of Greek bonds pledged to the ECB and their inclusion in the ECB quantitative easing programme.

Capital adequacy:

The Common Equity Tier 1 (CET 1) capital ratio stood at 6.97%, the Tier 1 capital ratio at 6.97%, and the total capital (CAD) ratio at 9.30%. According to Article 92 of Regulation (EU) No 575/2013, the minimum limits are 4.5%, 6% and 8% respectively.

To restore capital adequacy, the Bank's Management took the following steps:

1) In early 2015, it prepared a business plan which was submitted to the Bank of Greece ("BoG") on 31 January 2015, with a view to identifying future capital needs and methods to meet them.

2) On 15 June 2015, the Bank's Board of Directors approved the Bank's recapitalisation ("Capital plan") which envisaged a cooperative capital increase up to 5 million euros and the issue of a bond loan of up to 5 million euros.

3) On 16 November 2015, the Bank's Board of Directors approved and submitted for approval to the Bank of Greece a revised capital plan which envisaged a cooperative capital increase up to 7.5 million euros and the issue of a bond loan of up to 7.5 million euros.

4) On 24 November 2015, the Extraordinary General Meeting decided to increase the cooperative capital by up to 7.5 million euros and issue a subordinated bond loan of 7.5 million euros.

5) On 28 December 2015, the Bank's Board of Directors ratified (Minutes No 32) the cooperative capital increase by approximately 6.10 million euros and the issue of a subordinated bond loan of approximately 6.02 million euros

6) An institutional investor also participated in the above increase (Subsidiary Professional Insurance Fund for Insurance Agents & Insurance Company Employees -TEA-EAPAE), contributing 3.5 million euros to the share capital increase and acquiring subordinated bonds of 3.5 million euros.

Liquidity:

In 2015, the Greek banking system was required to raise liquidity from the Emergency Liquidity Facility (ELA) to meet the short-term needs as a result of ECB's decision to suspend the acceptance of bonds issued or guaranteed by the Greek government for main refinancing operations, and also due to the significant decrease in deposits especially in the first half of the year ended.

During 2015, domestic deposits (public sector, households and businesses) with Greek banks declined by 22.76% to around 133.7 billion euros. The decline was significantly subdued in the first four months of 2016, i.e. deposits fell by 2.63% to around 130.3 billion euros. Bank deposits declined by 22.29% in 2015 and by 1.04% in the first four months of 2016. The restrictions on capital flows introduced on 28 June 2015 which still remain in force contributed to the stabilisation of the deposit base.

The Bank received indirect liquidity under the supervision of the National Bank with interest rates, terms and conditions similar to those of ELA, to meet short-term needs arising from the massive flight of deposits due to political instability.

In view of the introduction of the new financial adjustment programme, the provision of liquidity to the Greek banking system by the Eurosystem, the successful completion of the share capital increase, the significant cash contribution of an institutional investor and the above liquidity injection agreement, the Management estimates that Bank will be able to meet its short-term financing needs.

2.3 Changes to accounting policies

The following amendments and interpretations of IFRS have been issued by the International Accounting Standards Board (IASB), have been adopted by the European Union and are mandatorily effective for periods beginning on or after 1 January 2015.

2.3.1 New standards, interpretations, revisions and amendments to existing standards not effective or not adopted yet by the European Union

Annual Improvements to IFRSs 2011-2013 Cycle (effective for annual periods beginning on or after 1 January 2015)

In December 2013 the IASB issued “Annual Improvements to International Financial Reporting Standards 2011-2013 Cycle”, a collection of amendments to 4 standards and part of the annual improvements programme. The amendments are effective for annual periods beginning on or after 1 July 2014, with earlier adoption permitted.

The issues included in this cycle are: IFRS 1: Meaning of effective IFRSs; IFRS 3: Scope exceptions for joint ventures; IFRS 13: Scope of paragraph 52 (portfolio netting exception); and IAS 40: Clarification of interaction of IFRS 3 with IAS 40 when classifying property as investment property or owner-occupied property. The Bank will consider the effect of all the above on its financial statements, although they are not expected to have any effect.

Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions" (effective for annual periods beginning on or after 1 July 2014)

In November 2013 the IASB issued a narrow-scope amendment to IAS 19 "Employee Benefits", entitled "Defined Benefit Plans: Employee Contributions (Amendments to IAS 19). This amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendment has no effect on the Bank's financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle (effective for annual periods beginning on or after 1 July 2014)

In December 2013 the IASB issued "Annual Improvements to International Financial Reporting Standards 2010-2012 Cycle", a collection of amendments to 8 standards and part of the annual improvements programme. The amendments are effective for annual periods beginning on or after 1 July 2014, with earlier adoption permitted. The issues included in this cycle are: IFRS 2: Definition of 'vesting condition'; IFRS 3: Accounting for contingent consideration in a business combination; IFRS 8: Aggregation of operating segments; IFRS 8: Reconciliation of the total of the reportable segments' assets to the entity's assets; IFRS 13: Short-term receivables and payables; IAS 7: Interest paid that is capitalised; IAS 16 & IAS 38: Revaluation method - proportionate restatement of accumulated depreciation; and IAS 24:

Key management personnel. The Bank will consider the effect of all the above on its financial statements, although they are not expected to have any effect.

Amendment to IAS 27: "Equity method in separate financial statements" (effective for annual periods beginning on or after 1 January 2016)

In August 2014 the IASB issued a narrow-scope amendment to IAS 27 "Equity method in separate financial statements". This amendment allows entities to account for investments in subsidiaries, associates and joint ventures using the equity method in their separate financial statements, and option that entities did not have before the issue of the amendment. The Bank will consider the effect of all the above on its financial statements, although they are not expected to have any effect.

Annual Improvements to IFRSs 2012-2014 Cycle (effective for annual periods beginning on or after 1 January 2016)

In December 2014 the IASB issued "Annual Improvements to International Financial Reporting Standards 2012-2014 Cycle", a collection of amendments to 4 standards and part of the annual improvements programme. The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier adoption permitted. The issues included in this cycle are: **IFRS 5:** Changes in methods of disposal; **IFRS 7:** Servicing contracts and applicability of the amendments to IFRS 7 to condensed interim financial statements; **IAS 19:** Discount rate; and **IAS 34:** Disclosure of information 'elsewhere in the interim financial report'. The Bank will consider the effect of all the above on its financial statements, although they are not expected to have any effect.

Amendments to IAS 16 and IAS 41: "Agriculture: Bearer plants" (effective for annual periods beginning on or after 1 January 2016)

In June 2014 the IASB published amendments that change the financial reporting for bearer plants. It was decided that bearer plants which are used solely to grow produce should be accounted for in the same way as property, plant and equipment (IAS 16). Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. The Bank will consider the effect of all the above on its financial statements, although they are not expected to have any effect.

Amendments to IFRS 11: "Accounting for acquisitions of interests in joint operations" (effective for annual periods beginning on or after 1 January 2016)

In May 2014 the IASB published amendments to IFRS 11. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business and specify the appropriate accounting treatment for such acquisitions. The Bank will consider the effect of all the above on its financial statements, although they are not expected to have any effect.

Amendments to IAS 1: "Disclosure initiative" (effective for annual periods beginning on or after 1 January 2016)

In December 2014 the IASB published amendments to IAS 1. The amendments aim at addressing issues relating to existing presentation and disclosure requirements and ensuring that entities are able to use judgment when presenting their financial reports. The Bank will consider the effect of all the above on its financial statements, although they are not expected to have any effect.

Amendments to IAS 16 and IAS 38: "Clarification of acceptable methods of depreciation and amortisation" (effective for annual periods beginning on or after 1 January 2016)

In May 2014 the IASB published amendments to IAS 16 and IAS 38. IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Bank will consider the effect of all the above on its financial statements, although they are not expected to have any effect.

2.3.2 New standards, interpretations, revisions and amendments to existing standards not in force or not adopted yet by the European Union

The following new standards and revisions, and the following interpretations of existing standards have been published but are not yet effective or have not been yet adopted by the European Union. Specifically:

IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016)

IFRS 14 was published in January 2014. The objective of this interim standard is to enhance the comparability of financial reporting by entities that conduct regulated activities. In many countries, there are sectors subject to special regulation, under which government authorities regulate the provision and the rates of specific types of activities conducted by an entity. The Bank will consider the effect of all the above on its financial statements, although they are not expected to have any effect.

Amendments to IFRS 10 and IAS 28: "Sales or contributions of assets between an investor and its associate or joint venture" (effective for annual periods beginning on or after 1 January 2016)

In September 2014 published a narrow-scope project "Sales or contributions of assets between an investor and its associate or joint venture" (amendments to IFRS 10 and IAS 28). The amendments should be applied by entities prospectively to sales or contributions of assets that occur in annual periods beginning on or after 1 January 2016. Earlier application is permitted and must be disclosed in the financial reports. The Bank will consider the effect of all the above on its financial statements, although they are not expected to have any effect.

Amendments to IFRS 10, IFRS 12 and IAS 28: "Investment entities: Applying the consolidation exception" (effective for annual periods beginning on or after 1 January 2016)

In December 2014 the IASB IASB published narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28. The amendments clarify certain aspects of the accounting requirements for investment entities and also provide relief in certain circumstances, which will reduce the costs to preparers of applying IFRS. The Bank will consider the effect of all the above on its financial statements, although they are not expected to have any effect.

Amendments to IAS 12: "Recognition of deferred tax assets for unrealised losses" (effective for annual periods beginning on or after 1 January 2017)

In January 2016 the IASB issued a narrow-scope project to amend IAS 12. The amendments aim at clarifying the accounting treatment of deferred tax assets for unrealised losses on debt instruments measured at fair value. The Bank will consider the effect of all the above on its financial statements.

IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 01/01/2017 January 2018)

In May 2014 the IASB issued IFRS 15. The standard is fully aligned with revenue recognition requirements under both the IFRSs and the US GAAP. The new standard replaces IAS 18 "Revenue", IAS 11 "Construction contracts" and some interpretations relating to revenue. The Bank will consider the effect of all the above on its financial statements, although they are not expected to have any effect.

IFRS 9 "Financial instruments" (effective for annual periods beginning on or after 1 January 2018)

In July 2014 the IASB issued the final version of IFRS 9. The package of improvements introduced by the new standard includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The Bank is currently assessing the effect of IFRS 9 on its financial statements.

IFRS 16 "Lease" (effective for annual periods beginning on or after 1 January 2019)

In January 2016 the IASB published IFRS 16. The objective of the IASB was to develop a new lease accounting standard that sets out the principles that both parties to a contract applied to provide relevant information about leases in a manner that faithfully represents those transactions. To achieve this, a lessee should recognise the assets and liabilities arising from the lease. The Bank will consider the effect of all the above on its financial statements, although they are not expected to have any effect.

The Bank does not intend to early adopt any standard or interpretation. Based on the accounting policies applied, the Management does not expect the adoption of the above standards and interpretations, once effective, to have a significant effect on the Bank's financial statements (with the exception of IFRS 9).

BASIC ACCOUNTING PRINCIPLES

2.4 Financial assets

A financial instrument is any contract that creates a financial asset in an entity and a financial liability or an equity instrument in another.

2.3.1 Initial recognition

The bank recognises financial instruments as assets or liabilities when a counterparty that acquires rights or undertakes obligations under the contractual terms of the financial instrument. On initial recognition, the bank measures financial assets and liabilities at fair value.

2.3.2 Subsequent measurement of financial assets

The Bank's financial instruments are classified into the following categories based on the substance of the contract and the purpose for which they were acquired.

i) Loans and receivables

This category may include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, for which the Bank considers it unlikely to not recover substantially all of its initial investment, other than because of credit deterioration. The Bank's loans and receivables include:

- loans to customers;
- all kinds of receivables from customers, banks, etc.

The effective rate method calculates the amortised cost of a financial asset and apportions interest income or expenses to the reporting period. The effective interest rate is the rate that exactly discounts the expected stream of future cash inflows or outflows through maturity or the next repricing date of a financial instrument.

ii) Held-to-maturity portfolio

The held-to-maturity portfolio includes fixed and floating rate securities which the Bank intends and is able to hold to maturity.

Held-to-maturity securities are initially accounted for at fair value (including transaction costs) and are subsequently measured at amortised cost using the effective rate method, after deducting any accumulated impairment losses.

If the Bank sells or transfers part of the held-to-maturity portfolio before maturity other than in special cases, e.g. selling a small portion of the portfolio, then the entire held-to-maturity portfolio must be transferred to the available-for-sale portfolio and measured at fair value, reflecting the resulting goodwill or depreciation in the reserves of the available-for-sale portfolio. Also, an asset may not be classified as held-to-maturity for the next two years.

Under certain conditions, financial assets (other than derivative assets) may be transferred from the trading portfolio to the held-to-maturity portfolio. Additionally, a financial asset may be transferred from the available-for-sale portfolio to the held-to-maturity portfolio.

(iii) Available-for-sale portfolio

The available-for-sale portfolio includes securities to which no holding period applies and which can be sold to meet liquidity needs or address changes in interest rates and prices. Available-for-sale securities are initially accounted for at their acquisition cost (including transaction costs). Subsequently, they are measured at fair value and the gains or losses arising from changes in fair value are recognised directly in equity until such assets are sold, collected or disposed of in any other way, or until impaired, at which time accumulated losses recognised in Equity are transferred to the income statement.

Under certain conditions, financial assets (other than derivative assets) may be transferred from the trading portfolio to the available-for-sale portfolio. Such transfer is only permitted when there is no intention to hold them to maturity and extraordinary conditions prevail in the market.

Additionally, a financial asset that qualifies as a loan may be transferred from the available-for-sale portfolio to the loans when holding for the foreseeable future is intended. At the same time, a financial asset that does not qualify as a loan may be transferred from the available-for-sale portfolio to held-to-maturity portfolio when holding to maturity is intended.

2.3.3 Financial liabilities measured at amortised cost

These liabilities are expensed using the effective rate method. This category includes payables to credit institutions and customers, bonds issued by the Bank, and other debt obligations.

2.3.4 Methods of determining fair value

For the purpose of posting the assets and liabilities at fair values, current market prices were used for each financial asset. The values of assets and liabilities of the Bank for which current market prices were not available, resulted from valuation methods and do not differ significantly from the values at which they are posted in the financial statements.

2.3.5 Derecognition of financial assets

The bank derecognises a financial asset when:

- the rights to the cash flows of the financial assets have expired;
- the contractual right to the assets' cash flows has been transferred along with the risks and rewards of ownership;
- loans or investments in securities have become unrecoverable,
- and writes them off.

2.3.6 Derecognition of financial liabilities

The bank derecognises a financial liability when the obligation is discharged, cancelled or expired.

In cases of derecognition, the difference between the carrying amount of a financial liability that is repaid or transferred to a third party and the consideration paid, including other, non-cash transferred assets and any new liabilities created, is recognised through profit and loss.

2.3.7 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities may be set off in the balance sheet when, and only when, the bank has a legally enforceable right of set-off and intends either to to realise the financial asset and settle the financial liability simultaneously or settle on a net basis.

2.5 Converting into foreign currency

The financial statements are reported in euro, which is the Bank's functional currency. When preparing the financial statements, assets and liabilities are converted into euro using the applicable exchange rates as at the date of the statement of financial position.

Foreign currency transactions are translated into the national currency using the exchange rates as at the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions during the year and from the translation of monetary assets and liabilities denominated in foreign currencies using the current rates, are recognised through profit and loss.

2.6 Property, plant and equipment

This category includes plots, the buildings accommodating the central services and the branches, costs for additions and improvements to leased property, and mobile equipment, all of which are owner-occupied.

Both real estate and mobile equipment are initially measured at cost, increased by the costs associated with the transaction for their acquisition.

Specifically, buildings and plots at the start of the comparable period (01.01.2014) were measured at fair value, being their deemed cost at that date.

Following initial recognition, they are measured at cost, less accumulated depreciation and any accumulated impairment losses. Subsequent expenses increase the asset's value or recognised as a separate asset only when it is highly likely that the asset will generate future economic benefits, while repair and maintenance costs are expensed in the year they are incurred. Depreciation of buildings and equipment is calculated at cost less their residual value, and are recognised using the straight method over their expected useful life.

Useful live per category of assets is as follows:

Buildings	40	years
Transportation equipment	3-10	years
Additions and improvements to leased property	Term of lease	

Land is not depreciated. It is, however, tested for impairment.

Upon sale of PPE, any difference between the proceeds and their book value is recorded as profit or loss in the operating results. Repair and maintenance are expensed in the year to which they refer.

2.7 Intangible assets

This category includes software, which is measured at cost less accumulated depreciation and impairment. The cost of purchased software includes the purchase price and any directly attributable cost for preparing the software for its intended use, including personnel and specialist fees.

Depreciation is calculated on the basis of the expected useful life of software, which the Bank has set at 1 to 5 years.

Depreciation of intangible assets is calculated using the straight method. All intangible assets are tested for impairment. No residual value is calculated in relation to intangible assets.

2.8 Assets from auctions

Assets from auctions primarily include real estate acquired by the Bank in auction proceedings, in full or partial recovery of receivables. Such assets are initially recognised at cost, which includes the transaction costs, and are posted under other assets. Following initial recognition, these assets are valued at their carrying amount or the estimated realisable value less selling costs, whichever is lower. The gains and losses resulting from valuation differences from the sale of assets at auctions are posted under other operating income.

2.9 Impairment of non-financial assets

At each date of the financial statements, the Bank assesses the carrying amount of tangible and intangible assets in order to identify any indications that the assets have been impaired, in which case it estimates the recoverable value of the asset. When the recoverable value of an individual asset cannot be estimated, the Bank estimates the recoverable value of the cash-generating unit to which the asset belongs. The recoverable value of an asset is its net selling price or its value in use, whichever is higher. To calculate the asset’s value in use, the estimated future cash flows are discounted at their present value.

If the recoverable value of an asset (or a cash-generating unit) is estimated to be lower than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable value. Impairment loss is recognised through profit and loss. When the impairment loss is subsequently reversed, the book value of the asset or (cash-generating unit) is increased up to the lowest of its revised estimated recoverable value or its carrying amount that would have been accounted for had no impairment loss of the asset (or cash-generating unit) been recognised in previous years. The impairment loss reversal is recognised through profit and loss.

2.10Cash and cash equivalents

This category includes:

- Cash in hand
- Non-restricted deposits with central banks
- Short-term receivables from banks and reverse repos.

Receivables are considered to be short-term when they become due within three months from the date of the financial reports.

2.11 Income and deferred tax

Income tax consists of current and deferred taxes. Current tax includes the tax expected to be assessed on the taxable income for the year, using the applicable tax rates as at the date of the financial statements.

Deferred tax means a tax that will be paid or recovered in the future and relates to transactions carried out during the year ended but treated as taxable income or deductible expenses of subsequent years. It is calculated on the temporary differences between the tax base of receivables and liabilities and their respective carrying amount.

Deferred tax assets and liabilities are calculated using the tax rates anticipated to apply to the period in which an asset or obligation will be settled, taking into account the established or tax rates applicable as at the balance sheet date.

A deferred tax asset is recognised only if it is considered probable that there will be future taxable profit from which the relevant temporary differences can be deducted. Income tax, both current and deferred, is recognised in the income statement, unless it refers to items directly recognised in equity, in which case the corresponding tax is directly recognised in equity.

2.12Payables for debt instruments and borrowed funds

Payables from the issue of debt instruments and other borrowed funds are initially accounted for at fair value (proceeds of issue less realised issue costs). Following initial recognition, debt instruments and borrowed funds are shown at amortised cost. Any difference between the proceeds from the issue (less issue costs) and the redemption value is recognised through profit and loss over the life of the instruments, using the effective rate method. The Bank’s payables from instruments and borrowed funds include subordinated bond loans.

2.13 Employee benefits

Short-term benefits: The short-term benefits to employees (apart from the post-employment benefits), in cash and in kind, are recognized as an expense when they become payable.

Any outstanding amount is recorded as a liability, while if the amount already paid exceeds the amount of the benefits, the Bank recognises the excess amount as an asset (prepaid expense) only to the extent that the prepayment will lead to a reduction of future payments or to a reimbursement.

Post-employment benefits: The Bank pays contributions towards post-employment benefit plans. These plans are distinguished into defined benefit and defined contribution plans, and provide retirement grants, pension and other healthcare benefits.

i) Defined benefit plans

A defined benefit plan is a plan in which the benefits are determined based on certain factors such as age, years of service or remuneration. The value of the liability in defined benefit plans is equal to the present value of the benefits at the date of the financial statements, less the fair value of the plan's assets, adjusted for unrecognised actuarial gains or losses. Actuarial gains or losses are recognised in the statement of other comprehensive income as incurred.

The liability is estimated annually by independent and designated actuaries using the projected unit credit method unit. The present value of the liability is determined by estimated future cash flows, discounted at the rate of government bonds with a duration equal to that of the liability.

(ii) Defined contribution plans

A defined contribution plan is plan under which the employer must pay specific contributions to a fund, without any further legal or contractual liability to cover any deficits of such fund. The Bank's contributions to the defined benefit plans are recognised through profit and loss during the year they refer to, and are posted under personnel fees and expenses.

2.14 Provisions and contingent liabilities and receivables

Provisions are formed when the Bank has present legal or constructive liabilities as a result of past events and it is probable that the Bank will be required to settle such liabilities. Provisions are measured based on the best estimate of the members of the Board of Directors, are reviewed at the date of the financial statements and adjusted to reflect the present value of the expense at which the liability is expected to be settled.

Contingent liabilities are not recognised in the financial statements but are disclosed, unless the probability of an outflow of resources embodying economic benefits is remote. Contingent receivables are not recognised in financial statements, but must be disclosed where an inflow of economic benefits is probable.

2.15 Equity

Principles of debt and equity

Financial instruments issued to raise funds are classified as equity when, on the basis of the substance of the contract, the bank does not undertake a contractual obligation to pay cash or another financial asset or to exchange financial assets under potentially unfavourable conditions.

The rights and obligations of the the Cooperative Bank's shareholders are governed by Law 1667/1986, as amended by Law 4340/2015, by the decisions of the Bank's bodies and its Articles the provisions of which are less restrictive than those laid down in the Law.

According to IFRIC 2 "Members' Shares in Co-operative Entities and Similar Instruments", many financial instruments, including the members' shares in cooperative entities, have equity characteristics such as voting rights and the right to participate in dividend distribution. Some financial instruments entitle their holder to request repayment in cash or for another financial instrument. but may include or be subject to restrictions as to whether the financial instruments will be repaid. The terms of repayment determine whether the financial instruments are recognised as equity or financial liabilities. The contractual right of the holder of a financial instrument to request repayment does not in itself require the classification of the financial instrument as a financial liability. Rather, the entity should take into account all terms and conditions of the financial instrument to determine whether it should be classified as a financial liability or equity. The terms and conditions include relevant local laws, regulations and the entity's Articles as in force at the date of classification, but not the expected future amendments to such laws, regulations or Articles.

Specifically, members' shares will be classified as equity when: (a) an entity has an unconditional right to refuse to repay the members' shares; and (b) local laws or regulations or the Articles an entity may impose various prohibitions on the repayment of member shares, e.g. unconditional or liquidity-based prohibitions. If repayment is expressly prohibited by local laws or regulations or the Articles of an entity, the members' shares are considered to be equity. However, those provisions of local laws, regulations or of the entity's Articles which prohibit repayment only under specific conditions, such as liquidity restrictions, do not create the requirement that member shares should be accounted for as equity.

Pursuant to Article 149 of Law 4261/2014, the Bank may not redeem cooperative shares when its capital adequacy ratio is less than the minimum required by the current institutional framework. In addition, the Bank of Greece may impose restrictions on the repayment of cooperative shares on the part of the Bank if this would compromise its sustainability.
The Bank has recognised the total cooperative capital in equity, as no repayment authorisation has been obtained from the Bank of Greece in accordance with the provisions of Article 149 of Law 4261/2014.

Share premium

This item posts the difference between the face value of the shares issued and their offer price in case of an increase in the cooperative capital.

2.16 Recognition of revenue and expenses

The Bank's revenue and expenses primarily include interest income on loans and interest-bearing securities, interest charges on deposits, management and other banking fees, dividend income and other income and expenses. Revenue and expenses are recognised as follows:

i) Interest income and expenses

Interest income and expenses are recognised through profit and loss in terms of all interest-bearing financial assets and liabilities.
They are recognised based on the accrual principle and determined using the effective rate method. Financial assets that are impaired are expensed at their new, impaired balance at their effective rate.

ii) Commissions income and expenses

Income and expenses from commissions are recognised during the period in which the services were provided or received, depending on the conclusion of the transaction, so as to match the cost of service; income and expenses relating to credit risk are recognised in the income statement on a straight-line basis over the duration of the risk.

iii) Impairment of financial assets

When testing form impairment of loans and receivables from customers, the bank makes estimates of the amount and timing of future cash flows.. Taking into account that such estimates are affected by a number of factors and future economic considerations, actual results may differ.

(iv) Income tax

The bank recognises current and deferred tax assets and liabilities, and associated results, based on estimates of the amounts expected to be collected from or paid to the tax authorities in the current and subsequent years.

2.17 Distribution of dividends

Dividends distributed to the shareholders from the Bank's net profit are recognised as a liability in the financial statements on the date of their approval by the General Meeting in accordance with the applicable institutional framework and the Bank's Articles.

3. Critical accounting estimates and judgments

The preparation of financial statements in accordance with the IFRSs requires the judgments, estimates and assumptions of the Management that affect both the accounting balances of assets and liabilities and the amount of revenue and expenses recognised in the consolidated and separate financial reports, as well as in the notes that form an integral part thereof. The Bank's management believes that the judgments, estimates and assumptions made in preparing the financial statements were appropriate considering the circumstances at 31 December 2015.

In particular, the Bank considered the following accounting principles to be important for the understanding of the financial statements, because of the judgments, assessments and assumptions they contain and also because of the sensitivity of the financial statements to such judgments.

3.1 Impairment of loans

The provisions for credit risk are the result of the continued assessment of the loan portfolio and its possible losses. Estimates are affected by a number of factors such as the borrower's financial position, the net realisable value of the covers, the overall economic situation and the current legal framework. The management believes that the provisions formed are sensible and sufficiently reasoned.

To calculate the impairment of loans, the bank performs an impairment test based on the following methodological approach first adopted in the year ended.

(a) Criteria for testing on a separate or basis or at portfolio level

The bank separately tests for impairment those the loans which it considers to be important. Business loans that exceed the amount determined by the Management per customer are considered to be important. For other loans, impairment testing is carried out at portfolio level.
The bank has specified the trigger events.
Separately tested loans for which no impairment loss is identified are tested on a collective basis after they are grouped based on similar credit risk characteristics.
To perform the impairment test on a collective basis, the bank classifies the portfolio to homogeneous classes based on common risk characteristics.

(b) Methodology of approaching future cash flows in impaired loans

The bank uses historical data, including the amounts by which the value of the loans is ultimately impaired (Loss given default - LGD) after completion of enforcement or other actions, in its effort to recover loan receivables and after all kinds of collateral have been taken into account.
The recoverable amount of each loan is calculated based on that data, once the timing of each flow has been. The reduction of cash flows to present values is made at the original effective rate.

3.2 Retirement benefit obligations

Retirement benefits obligations are assessed applying actuarial methods that use assumptions in relation to the discount rate and the increase in remunerations and pensions.

3.3 Useful life of PPE subject to depreciation

The Bank's management determines the estimated useful life of PPE and the corresponding depreciation. The Management's assessment is based on the expected useful life of buildings and other fixed assets subject to depreciation, such as furniture and other fixtures, machinery and transportation equipment, which is not expected to change significantly. However, the management may change the depreciation rates in cases where, at its discretion, the useful life appears to be different from that initially estimated and proceed to write-offs or write-downs of the depreciated fixed assets.

3.4 Recoverability of deferred tax assets

The Bank recognises deferred tax assets to the extent that future taxable earnings are expected, sufficient to offset any rebatable differences and deferred tax losses.

The deferred tax assets recognised by the Bank primarily refer to rebatable temporary differences arising from the impairment of loans.

The Bank recognised such assets from temporary differences in loan impairment because, according to the estimate of future taxable profits, they are recoverable and no time restrictions exist in terms of recovery, as is the case for other categories of deferred tax assets. The estimate of future taxable profits was based on projections in relation to the development of accounting figures as presented in the Bank's business plan, which was prepared in January 2015. Account has also been taken of the existence of taxable profits over the past decade. In view of the above, the Bank estimates that all deferred tax assets that have been recognised are recoverable.

Further to and irrespective of the recoverability assessment made as per above, in accordance with Article 27(a) of Law 4172/2013, the Bank may convert deferred tax assets in relation specific temporary differences into current assets receivable from the Greek public sector.

By decision of the Extraordinary General Meeting of shareholders of 24 November 2015, the Bank was included in the provisions of Article 27(a) of Law 4172/2013. The maximum balance of deferred assets that may be converted, subject to Article 27(a) of Law 4172/2013, to current assets receivable from the Greek public sector currently stands at 9 million euros.

The main uncertainties regarding the recoverability of deferred tax assets relate to the achievement of the Bank's targets set out in its business plan, which is affected by the overall macroeconomic environment in Greece and globally. At each reporting date, the Bank reviews its assessment of recoverability of the deferred tax assets by reference to the factors affecting it.

3.5 Classification of cooperative capital

The Bank considers that all conditions for the recognition of cooperative capital in equity, in accordance with IFRIC 2, are met. Any change in those or other conditions in the future may result in the reclassification of all or part of equity in the financial liabilities.

4. Financial risk management

The bank is exposed to a number of financial risks, the most important being credit risk, market risk, liquidity risk, changes in the fair value of assets due to general fluctuations of market prices and rates, and the adequacy of regulatory capital and own funds to support the Bank's activities.

The Board of Directors is responsible for developing and supervising the risk management framework, establishing the risk assumption and capital management strategies, in line with the Bank's business objectives, while assessing the effectiveness of its risk management policy and the adequacy of own funds, in relation to the extent and form of the risks assumed. The Risk Management Division is responsible for designing, adapting and implementing the risk management framework.

The Bank's policy is designed so that, through appropriate mechanisms, risks can be monitored and analysed and appropriate steps can be taken. The Bank regularly reviews its risk management policies and models to incorporate market and product changes and develop more effective practices.

4.1 Credit risk

Credit risk associated with loans emerges from from the risk that borrowers will not pay all or part of their debts within the prescribed time limits. Credit risk is the most important source of risk for the Bank; therefore, effective monitoring and management is a primary concern of the Bank.

The majority of individual loans relates to business loans and accounts for approximately 76% of total loans. Loans to individuals and loans to public sector organisations and corporations stand at about 22% and 2% respectively.

The Bank's Management places particular emphasis on proper credit risk management by assessing the credit rating of each counterparty, subject to the applicable regulatory framework.

4.1.1 Credit risk measurement

Credit risk factors are numerous, including the prevailing condition of the economy and the market, as well as prospects, the financial position of the counterparties, the type, duration and amount of the contractual obligation, as well as and the existence of guarantees and collateral (covers).

The Risk Management Division assesses the creditworthiness of borrowers through the ICAP CREDIT RATING system by ICAP. ICAP Credit Rating aims at assessing the creditworthiness of undertakings under review in terms of the probability of default or bankruptcy over a one-year horizon. The model classifies borrowers in the following categories:

Assessment	Risk level
AA	Low Risk
A	
BB	
B	
C	Medium Risk
D	
E	
F	High Risk
G	
H	
NR	Not rated
NT	
NC	

The determination of credit risk associated with loans and receivables includes:

(a) assessing the customer's creditworthiness; and

(b) monitoring current exposure to credit risk.

4.1.2 Management of risk limits and credit risk mitigating techniques

The Bank manages, controls and limits the concentration of credit risk by counterparty, by group of counterparties, by product and by segment of activity, having established a system of counterparty and approval limits to ensure that it assumes risks to the highest permitted extent.

The following paragraphs describe other techniques used by the Bank for controlling and limiting credit risk.

Guarantees and collateral

The Bank receives collaterals to secure the credit facilities granted to customers, reducing total credit risk and securing repayment of its receivables. To this end, it has identified and incorporated in its credit policy categories of acceptable covers and collateral, the most important ones being:

- Pledged deposits;
- Greek Government guarantees
- TEMPME guarantees;
- Pledged cheques;
- Charges/mortgages on real estate;
- Receivables from third parties.

The value of collateral is initially assessed at the time of approval of a facility on the basis of current value, which is subsequently adjusted to reflect the current value of collateral at the date of the financial statements.

It should be noted that almost all credit facilities are guaranteed by at least two guarantors.

4.1.3 Impairment of financial assets

At each reporting date, the Bank assesses whether a financial asset or a group of financial assets has been impaired.

The recoverable/collectable value of financial assets for the purpose of carrying out the relevant impairment tests is generally determined based on the present value of estimated future cash flows discounted at either the original discount rate of the asset or group of assets or the current rate of return of a similar financial asset. Resulting impairment losses are recognised through profit and loss.

The Bank regularly checks for sound and objective indications that an asset has been impaired. To this end, at each reporting date, it performs a loan impairment test, in accordance with the general principles and the methodology described in IFRSs, and forms provisions accordingly.

If the amount of the provision is reduced in a subsequent period and is related to objective events that occurred after the formation of the provision, e.g. improved creditworthiness of the borrower, then the provision is reduced and the difference is recognised in the income statement.

4.2 Credit risk management

The following tables present the Bank's maximum exposure to credit risk at 31.12.2015 and 31.12.2014, excluding covers or other credit protection instruments. With regard to the items included in the statement of financial position, credit exposures are based on their carrying amounts as shown in the statement of financial position.

		31.12.2015		
		Amount before impairment	**Impairment**	**Net value**
	Credit risk of exposures associated with balance sheet items			
	Cash with central banks	4,628,235	0	4,628,235
	Receivables from credit institutions	9,018,389	0	9,018,389
	Loans and receivables from customers	220,889,006	50,863,324	170,025,682
	Available-for-sale financial assets	2,283,127	2,089,523	193,604
	Other assets	7,358,494	0	7,358,494
A	**Total value of balance sheet items exposed to credit risk**	**244,177,250**	**52,952,848**	**191,224,402**
	Total assets not exposed to credit risk	14,742,718	40,236	14,702,483
	Total assets	**258,919,968**	**52,993,083**	**205,926,885**
	Credit risk of exposures associated with off-balance sheet items			
	Letters of guarantee	22,958,707	0	22,958,707
B	**Total value of off-balance sheet items exposed to credit risk**	**22,958,707**	**0**	**22,958,707**
A+B	**Total value of items exposed to credit risk**	**267,135,957**	**52,952,848**	**214,183,109**

		31.12.2014		
		Amount before impairment	Impairment	Net value
	Credit risk of exposures associated with balance sheet items			
	Cash with central banks	9,491,079	0	9,491,079
	Receivables from credit institutions	35,490,847	0	35,490,847
	Loans and receivables from customers	218,594,566	44,814,173	173,780,392
	Available-for-sale financial assets	2,283,127	2,089,523	193,604
	Other assets	8,291,135	0	8,291,135
A	**Total value of balance sheet items exposed to credit risk**	**274,150,755**	**46,903,697**	**227,247,058**
	Other assets not exposed to credit risk	13,481,787	40,236	13,441,551
	Total assets	**287,632,542**	**46,943,933**	**240,688,609**
	Credit risk of exposures associated with off-balance sheet items			
	Letters of guarantee	28,414,528		28,414,528
B	**Total value of off-balance sheet items exposed to credit risk**	**28,414,528**	**0**	**28,414,528**
A+B	**Total value of items exposed to credit risk**	**302,565,283**	**46,903,697**	**255,661,586**

Loans and receivables from credit institutions refer to deposits with specially rated credit institutions, and at 31.12.2015 and 31.12.2014 stood at €9,018,389 and €35,490,847 respectively. These amounts are considered to involve no risk of impairment.

Loans and receivables from customers are analysed as follows:

	31.12.2015			31.12.2014		
	Amount before impairment	**Impairment**	**Net value**	**Amount before impairment**	**Impairment**	**Net value**
Loans and receivables from customers						
Loans and receivables not past due or not impaired	50,136,815	0	50,136,815	62,971,769	0	62,971,769
Loans and receivables past due, not impaired	34,789,613	0	34,789,613	63,187,911	0	63,187,911
Loans and receivables impaired	135,962,578	50,863,324	85,099,254	92,434,886	44,814,173	47,620,712
	220,889,006	**50,863,324**	**170,025,682**	**218,594,566**	**44,814,173**	**173,780,392**

4.2.1 Qualitative analysis of loans

31.12.2015

Loans and receivables category	Loans and receivables not impaired		Loans and receivables impaired			Accumulated provisions			
	Not past due	Past due	Separate assessment	Collective assessment	Value before impairment	Separate provisions	Collective provisions	Total net value	Value of collateral
Individuals	**9,331,380**	**10,351,100**	**0**	**29,323,409**	**49,005,888**	**0**	**7,261,214**	**41,744,675**	**41,982,732**
Mortgage	6,446,672	7,131,184	0	22,484,081	**36,061,937**	0	4,485,927	**31,576,010**	33,095,665
Consumer	2,884,708	3,219,916	0	6,839,328	**12,943,951**	0	2,775,286	**10,168,665**	8,887,067
Business	**37,269,794**	**24,082,479**	**69,627,646**	**36,665,328**	**167,645,248**	**28,941,290**	**14,502,558**	**124,201,400**	**115,059,990**
Small and medium-sized enterprises	35,216,614	24,082,479	69,627,646	36,665,328	**165,592,068**	28,938,296	14,498,705	**122,155,068**	113,956,400
Large enterprises	2,053,179	0	0	0	**2,053,179**	2,994	3,854	**2,046,332**	1,103,589
Public sector	**3,535,641**	**356,034**	**346,195**	**0**	**4,237,870**	**94,819**	**63,444**	**4,079,607**	**3,406,493**
Total	**50,136,815**	**34,789,613**	**69,973,841**	**65,988,737**	**220,889,006**	**29,036,109**	**21,827,216**	**170,025,682**	**160,449,215**

31.12.2014

Loans and receivables category	Loans and receivables not impaired		Loans and receivables impaired			Accumulated provisions			
	Not past due	Past due	Separate assessment	Collective assessment	Value before impairment	Separate provisions	Collective provisions	Total net value	Value of collateral
Individuals	**13,160,105**	**11,466,551**	**0**	**24,051,140**	**48,677,795**	**0**	**6,039,352**	**42,638,443**	**40,861,039**
Mortgage	9,392,374	8,438,523	0	17,838,116	**35,669,013**	0	3,513,335	**32,155,678**	32,172,225
Consumer	3,767,730	3,028,027	0	6,213,024	**13,008,782**	0	2,526,017	**10,482,766**	8,688,814
Business	**47,349,241**	**49,878,533**	**34,195,017**	**33,853,961**	**165,276,751**	**27,016,115**	**11,631,525**	**126,629,112**	**130,838,793**
Small and medium-sized enterprises	45,596,661	48,829,453	34,195,017	33,853,961	**162,475,091**	27,016,115	11,529,651	**123,929,326**	129,028,520
Large enterprises	1,752,580	1,049,080	0	0	**2,801,660**	0	101,874	**2,699,786**	1,810,272
Public sector	**2,462,423**	**1,842,828**	**334,768**	**0**	**4,640,019**	**72,138**	**55,044**	**4,512,837**	**3,735,712**
Total	**62,971,769**	**63,187,911**	**34,529,785**	**57,905,101**	**218,594,566**	**27,088,252**	**17,725,921**	**173,780,392**	**175,435,544**

Loans past due over 90 days are classified in impaired loans. Separately assessed loans for which impairment provisions have been formed are classified in this category only if past due over 90 days. If a borrower's loan exceeding 20% of all loans is past due over 90 days, then all loans of the same borrower are classified in impaired loans.

4.2.2 Credit rating of not impaired and not past due loans

31.12.2015

	Individuals		Business		Public sector	
	Mortgage	**Consumer**	**Small and medium-sized enterprises**	**Large enterprises**	**Public sector**	**Total net value**
Satisfactory rating	6,446,672	2,884,708	34,066,381	2,053,179	3,535,641	**48,986,581**
Monitored	0	0	1,150,234	0	0	**1,150,234**
Total	**6,446,672**	**2,884,708**	**35,216,614**	**2,053,179**	**3,535,641**	**50,136,815**
Value of collateral	6,048,256	2,016,509	27,916,418	1,103,589	2,869,012	39,953,784

4.2.3 Ageing analysis of past due and not impaired loans and receivables per category of loans

31.12.2015

	Individuals		Business		Public sector	
	Mortgage	**Consumer**	**Small and medium-sized enterprises**	**Large enterprises**	**Public sector**	**Total net value**
1- 30 days	2,386,315	1,269,634	5,176,526	0	218,930	**9,051,405**
31-90 days	4,744,869	1,950,281	18,775,889	0	137,104	**25,608,144**
91-180 days	0	0	6,458	0	0	**6,458**
181-360 days	0	0	91,265	0	0	**91,265**
> 360 days	0	0	15,676	0	0	**15,676**
Denounced	0	0	16,665	0	0	**16,665**
Total	**7,131,184**	**3,219,916**	**24,082,479**	**0**	**356,034**	**34,789,613**
Value of collateral	6,855,296	2,612,310	17,533,936		191,286	27,192,828

31.12.2014

	Individuals		Business		Public sector	
	Mortgage	**Consumer**	**Small and medium-sized enterprises**	**Large enterprises**	**Public sector**	**Total net value**
1- 30 days	2,662,393	699,369	15,658,498	0	347,165	**19,367,426**
31-90 days	5,776,130	2,328,658	33,170,955	1,049,080	1,495,663	**43,820,486**
Total	**8,438,523**	**3,028,027**	**48,829,453**	**1,049,080**	**1,842,828**	**63,187,911**
Value of collateral	7,807,613	1,961,218	36,996,215	1,049,080	1,574,073	49,388,200

4.2.4 Ageing analysis of impaired loans and receivables per category of loans

31.12.2015

	Individuals		Business		Public sector	
	Mortgage	**Consumer**	**Small and medium-sized enterprises**	**Large enterprises**	**Public sector**	**Total net value**
Performing	0	0	349,735	0	0	**349,735**
1- 30 days	0	0	48,371	0	0	**48,371**
31-90 days	0	0	1,412,090	0	0	**1,412,090**
91-180 days	1,564,163	728,721	11,668,902	0	0	**13,961,786**
181-360 days	4,421,835	855,733	23,104,321	0	0	**28,381,889**
> 360 days	3,212,395	1,233,534	15,148,969	0	346,195	**19,941,093**
Denounced	13,285,689	4,021,339	54,560,586	0	0	**71,867,613**
Total	**22,484,081**	**6,839,328**	**106,292,975**	**0**	**346,195**	**135,962,578**
Value of collateral	20,192,114	4,258,247	68,506,047		346,195	93,302,602

31.12.2014

	Individuals		Business		Public sector	
	Mortgage	**Consumer**	**Small and medium-sized enterprises**	**Large enterprises**	**Public sector**	**Total net value**
Performing	0	0	0	0	0	**0**
1- 30 days	0	0	0	0	0	**0**
31-90 days	0	0	0	0	0	**0**
91-180 days	3,239,131	874,636	21,887,502	0	334,768	**26,336,037**
181-360 days	3,273,125	1,630,412	11,090,534	0	0	**15,994,071**
> 360 days	1,836,907	1,199,342	5,980,270	0	0	**9,016,519**
Denounced	9,488,953	2,508,635	29,090,671	0	0	**41,088,259**
Total	**17,838,116**	**6,213,024**	**68,048,978**	**0**	**334,768**	**92,434,886**
Value of collateral	16,103,563	4,061,939	50,364,850		334,768	70,865,120

4.2.5 Mortgage loan to collateral ratio

The loan to collateral ratio in relation to mortgages indicates the relation of the loan and the value of the collateralised property. Below follows the ratio regarding the mortgage portfolio:

LTV ratio	31.12.2015	31.12.2014
Less than 50%	3,999,909	1,841,940
51%-70%	4,627,722	6,064,200
71%-80%	6,510,477	8,128,734
81%-90%	5,663,981	7,382,335
91%-100%	5,944,367	3,175,540
101%-120%	4,366,124	4,551,559
121%-150%	2,778,402	1,371,225
Over 150%	2,170,954	3,153,480
Total	**36,061,937**	**35,669,013**
Average ratio	**83%**	**85%**

4.2.6 Analysis of collateral received

As already mentioned, the Bank receives collaterals to secure the credit facilities granted to customers, reducing total credit risk and securing repayment of its receivables.
Collateral falls under three categories:

- **Collateral over real estate:** Residential, commercial property and plants
- **Financial collateral:** Cash, assigned receivables & cheques and other debt instruments.
- **Other collateral:** Government guarantees, TEMPME guarantees, other collateral. Below follows an analysis of collateral received by the Bank, by loan category:
-

Collateral 31.12.2015

Loans and receivables category	Collateral over real estate	Financial collateral	Other collateral	Total value
Individuals	40,678,640	1,174,172	129,920	**41,982,732**
Business	100,269,332	4,335,042	10,455,616	**115,059,990**
Public sector	492,023	37,215	2,877,255	**3,406,493**
Total	**141,439,994**	**5,546,430**	**13,462,791**	**160,449,215**

Collateral 31.12.2014

Loans and receivables category	Collateral over real estate	Financial collateral	Other collateral	Total value
Individuals	39,047,143	1,170,365	643,531	**40,861,039**
Business	109,149,881	5,642,093	16,046,818	**130,838,793**
Public sector	519,344	35,000	3,181,368	**3,735,712**
Total	**148,716,368**	**6,847,458**	**19,871,718**	**175,435,544**

It is noted that the above amounts are exclusive of collateral over cooperative shares. The value of collateral has been assumed as equal to the most recent market value of the collateral. In the case of property, the lowest of the mortgage or the property value was assumed. It is noted that all values are capped at 100% of a debt.

The Bank has received personal and business guarantees for almost all of its loans. However, due to the absence, by the reporting date, of a reliable system to assess their real value, it was considered appropriate to not include any amounts in the financial statements.

4.2.7 Acquisition of ownership of provided collateral

During the year ended the Bank did not acquire ownership of any collateral granted.

4.2.8 Loans and receivables from customers. Impaired loans and Impairment provisions by loan category and segment

The following table analyses the Bank's exposure to credit risk, at carrying amounts, grouped by operating segment. Breakdown of risk exposure by counterparty operating segment.

31.12.15

Segment	Loans and receivables	Impaired	Accumulated provision	Balance
Individuals	**49,005,888**	**29,323,409**	**7,261,214**	**41,744,675**
Mortgage	36,061,937	22,484,081	4,485,927	31,576,010
Consumer	12,943,951	6,839,328	2,775,286	10,168,665
Business	**167,645,248**	**106,292,975**	**43,443,848**	**124,201,400**
Agriculture - livestock farming	12,357,156	5,824,757	1,592,121	10,765,035
Real estate operation	4,453,175	4,453,175	1,337,372	3,115,804
Commerce	43,696,698	33,666,651	12,640,779	31,055,919
Energy	5,096,949	9,880	38,561	5,058,388
Construction	24,397,621	19,669,136	8,921,701	15,475,920
Manufacturing	26,973,105	20,044,406	9,868,119	17,104,986
Transport & logistics	6,150,017	1,594,032	1,285,500	4,864,517
Tourism	35,202,114	15,533,575	5,810,921	29,391,193
Services	4,852,502	3,519,619	1,350,085	3,502,417
Other	4,465,909	1,977,744	598,689	3,867,221
Public sector	**4,237,870**	**346,195**	**158,263**	**4,079,607**
Total	**220,889,006**	**135,962,578**	**50,863,324**	**170,025,682**

31.12.2014

Loans and receivables category	Loans and receivables	Impaired	Accumulated provision	Balance
Individuals	**48,677,795**	**24,051,140**	**6,039,352**	**42,638,443**
Mortgage	35,669,013	17,838,116	3,513,335	32,155,678
Consumer	13,008,782	6,213,024	2,526,017	10,482,766
Business	**165,276,751**	**68,048,978**	**38,647,639**	**126,629,112**
Agriculture - livestock farming	12,897,266	3,484,164	1,473,082	11,424,183
Real estate operation	4,386,701	1,860,126	1,007,848	3,378,853
Commerce	42,310,111	18,856,831	11,572,043	30,738,068
Energy	5,134,029	32,407	59,571	5,074,458
Construction	24,217,631	11,617,908	8,842,023	15,375,609
Manufacturing	25,727,666	14,588,418	9,062,955	16,664,711

Transport & logistics	6,052,461	2,043,934	1,062,431	4,990,030
Tourism	34,778,191	11,818,282	4,392,094	30,386,097
Services	4,992,987	2,654,954	755,856	4,237,131
Other	4,779,709	1,091,953	419,737	4,359,972
Public sector	**4,640,019**	**334,768**	**127,182**	**4,512,837**
Total	**218,594,566**	**92,434,886**	**44,814,173**	**173,780,392**

It is noted that all loans have been granted in Greece and specifically in Epirus.

4.2.9 Analysis of modified loans and receivables by type of modification

The Bank proceeds to modifications of debts of cooperative and viable borrowers, provided they are effective and sustainable in the long run, taking into account both the causes that led to the financial difficulties and the borrower's repayment ability. An existing loan agreement may be modified (a) at the request of the customer; (b) in accordance with the procedure laid down by under the Arrears Resolution Procedure of the banking Code of Conduct issued by the Bank of Greece (Law 4224/2013). The types of modifications applied by the Bank are: (a) short-term modifications of less than two years in cases where repayment difficulties are reasonably considered to be temporary; and (b) long-term modifications of over two (2) years, aiming to reduce the amount of instalment and/or the debt, taking into account conservative assumptions about the estimated future repayment ability of the borrower until expiry of the up to the expiration of the repayment plan. The types of modifications available to the Bank are specified in the Arrears Management Regulation which was approved by BoD decision 5/18.3.2015. Financial analysis of modified loans is presented below.

	31.12.2015		
	Loan amount	**Amount of modified loans**	**Percentage of modified loans**
Not past due and not impaired	50,136,815	15,551,490	31%
Past due and not impaired	34,789,613	12,008,211	35%
Impaired	135,962,578	13,425,960	10%
Total value (before impairment)	**220,889,006**	**40,985,661**	**19%**
Impairment	-50,863,324	-5,678,643	11%
Total net value	**170,025,682**	**35,307,019**	**21%**
Collateral received	-160,449,215	-27,816,261	17%
Net value after collateral	**9,576,467**	**7,490,758**	**78%**

	Loans and receivables	Modified	Percentage
Individuals	**49,005,888**	**12,079,244**	**25%**
Mortgage	36,061,937	9,534,081	26%
Consumer	12,943,951	2,545,163	20%
Business	**167,645,248**	**28,906,418**	**17%**
Agriculture - livestock farming	12,357,156	1,555,609	13%
Real estate operation	4,453,175	0	0%
Commerce	43,696,698	7,105,744	16%
Energy	5,096,949	13,448	0%
Construction	24,397,621	1,603,536	7%
Manufacturing	26,973,105	3,882,229	14%
Transport & logistics	6,150,017	1,278,742	21%
Tourism	35,202,114	12,559,316	36%
Services	4,852,502	561,737	12%
Other	4,465,909	346,057	8%
Public sector	**4,237,870**	**0**	**0%**
Total	**220,889,006**	**40,985,661**	**19%**

	31.12.2014		
	Loan amount	**Amount of modified loans**	**Percentage of modified loans**
Not past due and not impaired	62,971,769	5,000,560	8%
Past due and not impaired	63,187,911	16,827,849	27%
Impaired	92,434,886	19,248,883	21%
Total value (before impairment)	**218,594,566**	**41,077,292**	**19%**
Impairment	-44,814,173	-15,384,983	34%
Total net value	**173,780,392**	**25,692,309**	**15%**
Collateral received	175,435,544	30,905,223	18%
Net value after collateral	**-1,655,151**	**-5,212,915**	**315%**

Loans and receivables category	Loans and receivables	Modified	Percentage
Individuals	**48,677,795**	**7,914,389**	**16%**
Mortgage	35,669,013	6,839,967	19%
Consumer	13,008,782	1,074,423	8%
Business	**165,276,751**	**33,162,903**	**20%**
Agriculture - livestock farming	12,897,266	114,140	1%
Real estate operation	4,386,701	0	0%
Commerce	42,310,111	9,158,509	22%
Energy	5,134,029	0	0%
Construction	24,217,631	6,380,789	26%
Manufacturing	25,727,666	10,404,725	40%
Transport & logistics	6,052,461	110,742	2%
Tourism	34,778,191	6,193,840	18%
Services	4,992,987	56,354	1%
Other	4,779,709	743,804	16%
Public sector	**4,640,019**	**0**	**0%**
Total	**218,594,566**	**41,077,292**	**19%**

4.2.10 Quality of earnings analysis

	FY 2015			FY 2014		
Loans and receivables category	**Interest on loans and receivables not impaired**	**Interest on loans and receivables impaired**	**Total value**	**Interest on loans and receivables not impaired**	**Interest on loans and receivables impaired**	**Total value**
Individuals	1,459,245	1,108,882	**2,568,127**	2,303,980	1,177,273	**3,481,253**
Business	5,253,693	4,271,813	**9,525,506**	10,126,352	2,675,382	**12,801,734**
Public sector	206,151	10,560	**216,711**	236,413	17,793	**254,206**
Total interest on loans	**6,919,089**	**5,391,255**	**12,310,344**	**12,666,745**	**3,870,448**	**16,537,193**
Interest on receivables from financial institutions	168,675	0	**168,675**	859,694		**859,694**
Total	**7,087,763**	**5,391,255**	**12,479,019**	**13,526,439**	**3,870,448**	**17,396,887**

4.4 Risk concentration of assets exposed to credit risk

The following table presents an analysis of the Bank's exposure to credit risk per item (on and off balance sheet), at carrying amounts.

	31.12.2015	**31.12.2014**
Balance sheet items		
Receivables from credit institutions	9,018,389	35,490,847
Loans to individuals	41,744,675	42,638,443
Loans to businesses	124,201,400	126,629,112
Loans to public sector	4,079,607	4,512,837
Participating interests in other enterprises	193,604	193,604
Total	**179,237,675**	**209,464,843**
Off-balance sheet items		
Letters of guarantee	22,958,707	28,414,528
Commitments to increase or renew credit limits	34,083,400	54,454,498
	57,042,107	**82,869,026**

4.5 Liquidity risk

The Bank recognises that effective liquidity risk management contributes substantially to the ability to meet financial obligations without the risk of significant financial losses.

Liquidity risk to which a financial institution is exposed is the risk that it will not be able to meet its financial obligations when due, as a result of lack of the necessary liquidity.

The Bank has established a liquidity risk management policy. The policy defines liquidity risk, contains methods risk measurement and assessment and aims to specify and monitor the concentration limits of deposits, the ratio of loans to deposits, establishing the desired structure of deposits. It clearly defines the ratios and targeted limits of liquidity risk, which are determined on the basis of the financial results, the key figures and the nature of the Bank’s activities.

The Bank focuses on customer deposits and tries, through its policies, to keep them the primary source of funding.

In reviewing the quantitative data, the following are assessed at Bank level:

- Monitoring of volatility of deposits with particular emphasis on large depositors.
- Ratio of deposits to total assets - liabilities and loans.
- Measuring and monitoring of the cost to cover exposures.
- Dispersion of funding sources.
- Development of quick liquidity ratios and asset-liability maturity mismatch.

A main mechanism to assess and address risk involves compliance with the risk monitoring procedure, in accordance with BoG Governor’s Act 2614/7.4.2009 and observance of the limits laid down in the above Act.

Liquidity risk management refers to the Bank’s ability to maintain sufficient liquidity to meet its obligations. To measure and manage this risk, future inflows and future outflows are estimated. Asset composition is designed, and future liquidity requirements and borrowing needs are monitored, in line with the maturity of liabilities.

Liquidity risk management for the Bank is of paramount importance. The Asset-Liability Management Committee (ALCO) is responsible for its effective management, while the Financial Services Division provides daily information on liquidity to the Management and executives .

To address this risk, the Bank has signed short-term financing agreements secured by pledges, with two domestic banks. The total amount raised as at 31 December 2015 under those agreements amounts to approximately 9 million euros.

The table below analyses the Bank's liquidity in line with the maturity of assets and liabilities.

Amounts in EUR thousand	**Up to 1 month**	**1-3 months**	**3-12 months**	**Over 1 year**	**Total**
Cash with central banks	4,628				**4,628**
Receivables from financial institutions	9,018				**9,018**
Loans and receivables from customers (after provisions)	20,860	1,284	6,825	141,057	**170,026**
Available-for-sale financial assets				194	**194**
Participating interests in subsidiaries and affiliates				27	**27**
Goodwill, software and other intangible assets				84	**84**
Property, plant and equipment				5,027	**5,027**
Deferred tax assets				9,565	**9,565**
Other assets	1,584			5,774	**7,358**
Total assets	**36,090**	**1,284**	**6,825**	**161,727**	**205,927**
Payables to credit institutions	12,870	1,057			**13,927**
Payables to customers	51,831	32,029	28,901	59,715	**172,476**
Liabilities to debt instruments				6,021	**6,021**
Retirement benefit obligations				229	**229**
Income tax				105	**105**
Other liabilities				2,211	**2,211**
Total liabilities	**64,701**	**33,086**	**28,901**	**68,281**	**194,969**
Equity				**10,958**	**10,958**
Total liquidity exposure	**-28,611**	**-31,802**	**-22,076**	**82,488**	**0**

4.6 Offsetting financial assets and financial liabilities

The Bank had not set off any assets and liabilities as at 31.12.2015 and 31.12.2014, considering that it did not hold any financial instruments that were subject to master or similar netting agreements.

4.7 Market risk

Market risk is the probability of loss arising from the management of assets and liabilities, as well as from the management of various trading portfolios due to the movement of the prices of the products included in those portfolios in opposite directions.

4.7.1 Currency risk

Currency risk is the assumed investment risk that arises from changes in exchange rates when an open currency position is held.

The Bank's currency position as at 31 December 2015 and 31 December 2014 was as follows:

31.12.2015	EURO	USD	GBP	Total
Currency risk of assets				
Cash with central banks	4,628,235	0	0	4,628,235
Receivables from financial institutions	3,574,020	5,405,278	39,091	9,018,389
Loans and receivables from customers (after provisions)	170,025,682	0	0	170,025,682
Other assets	22,254,580	0	0	22,254,580
Total financial assets	**200,482,516**	**5,405,278**	**39,091**	**205,926,885**
Currency risk of liabilities				
Payables to credit institutions	13,927,222	0	0	13,927,222
Payables to customers	167,079,170	5,373,316	23,519	172,476,005
Other liabilities	8,566,338	0	0	8,566,338
Total financial liabilities	**189,572,729**	**5,373,316**	**23,519**	**194,969,564**
Net financial position	**10,909,786**	**31,962**	**15,572**	**10,957,320**
Net off-balance sheet position	0	0	0	0
Total currency position	**10,909,786**	**31,962**	**15,572**	**10,957,320**

31.12.2014	EURO	USD	GBP	Total
Currency risk of assets				
Cash with central banks	9,491,079	0	0	9,491,079
Receivables from financial institutions	31,268,967	4,174,469	47,411	35,490,847
Loans and receivables from customers (after provisions)	173,780,392	0	0	173,780,392
Other assets	21,926,290	0	0	21,926,290
Total financial assets	**236,466,729**	**4,174,469**	**47,411**	**240,688,609**
Currency risk of liabilities				
Payables to credit institutions	6,609,369	0	0	6,609,369
Payables to customers	217,093,809	4,822,396	42,605	221,958,810
Other liabilities	6,263,132	0	0	6,263,132
Total financial liabilities	**229,966,311**	**4,822,396**	**42,605**	**234,831,312**
Net financial position	**6,500,418**	**(647,927)**	**4,806**	**5,857,297**
Net off-balance sheet position	0	0	0	0
Total currency position	**6,500,418**	**(647,927)**	**4,806**	**5,857,297**

4.7.2 Interest rate risk

Interest rate risk refers to the potential reduction in the profit or the value of assets as a result of interest rate curve fluctuations, and is associated with the asset-liability time mismatch.

The Bank's policy provides for the balance of those figures, a condition that was met in all previous years. Also, emphasis is placed on the possibility of a short-term response to interest rate fluctuations, by envisaging the acceptance of deposits with a maximum term of one year and the promotion of even shorter-term deposits. The Bank's Financial Services Division of the Bank monitors and analyses long-term trends in loan and deposit rates.

The Bank's exposure to interest rate risk is the minimum possible, because its entire loan portfolio includes floating rate products and also because it does not hold any special products.

Amounts in EUR thousand	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Unaffected items**	**Total**
Cash with central banks	4,628						**4,628**
Receivables from financial institutions	9,018						**9,018**
Loans and receivables from customers (after provisions)	40,491	1,284	6,825	89,401	32,025		**170,026**
Available-for-sale financial assets						194	**194**
Participating interests in subsidiaries and affiliates						27	**27**
Goodwill, software and other intangible assets						84	**84**
Property, plant and equipment						5,027	**5,027**
Deferred tax assets						9,565	**9,565**
Other assets	1,584					5,774	**7,358**
Total assets	**55,721**	**1,284**	**6,825**	**89,401**	**32,025**	**20,671**	**205,927**
Payables to credit institutions	12,870	1,057					**13,927**
Payables to customers	109,650	32,029	28,901	1,896			**172,476**
Liabilities to debt instruments					6,021		**6,021**
Retirement benefit obligations						229	**229**
Income tax						105	**105**
Other liabilities						2,211	**2,211**
Total liabilities	**122,520**	**33,086**	**28,901**	**1,896**	**6,021**	**2,545**	**194,969**
Equity						**10,958**	**10,958**
Total interest rate risk exposure	**-66,799**	**-31,802**	**-22,076**	**87,505**	**26,004**	**7,168**	

4.8 Fair values of financial assets and liabilities

Fair value is the price one would receive for the sale of an asset or the price one would pay for the transfer of a liability in a normal transaction between market participants as at the date of measurement. Differences may arise between the carrying amount and the fair value of financial assets in the statement of financial position and liabilities.

Financial assets at fair value through profit and loss, available-for-sale financial assets and financial derivatives are presented in the financial statements at fair value. Loans and other receivables, securities held to maturity and financial liabilities are reported at amortised cost which closely approximates their fair value. Specifically:

(a) *Receivables from credit institutions*

Receivables from other banks only include sight deposits with credit institutions. As a result, their fair value equals their carrying amount and are available-for-sale financial assets.

(b) *Loans and receivables from customers*

Total loans refers to loans bearing a fixed rate which, except for the category of mortgages, approximated the current rates offered on the Bank's loans at 31.12.2015 and 31.12.2014. The fair value of loans and receivables from Bank customers is determined based on the discount of future cash flows of such receivables at the current rates offered on the Bank's loans at 31.12.2015 and 31.12.2014, and closely approximates their amortised cost.

(c) *Deposits*

The fair value of open deposits (savings and sight) is the amount that the Bank should pay whenever so requested by a customer. The average maturity of customer deposits is short. As a result, their estimated fair value closely approximates their carrying amount.

4.9 Financial assets and liabilities at fair value

Fair value hierarchy

The fair value hierarchy levels are:

- Level 1: quoted prices (unadjusted) in markets with a significant volume of transactions for identical assets or liabilities.
- Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (e.g. prices) or indirectly (e.g. price derivative).
- Level 3: Inputs are unobservable inputs for the asset or liability.

The fair value hierarchy level at which the fair value measurement is classified, is determined on the basis of the lowest level input considered important for fair value measurement.

Securities in the available-for-sale portfolio

Valuation is made by introducing variables based on other than observable market data. The Bank's securities mainly consist of interests in other cooperative banks and in the Panhellenic Bank, whose fair value approximates their intrinsic value. The fair value of level 3 shares is taken into account where indications of impairment of such shares are identified; otherwise they are accounted for at cost. The shares and cooperative shares held by the Bank, of a total acquisition value of 2,283,127 euros, have been impaired by 2,089,523 euros to reflect their fair value.

Financial assets and liabilities measured at fair value in the income statement are classified based on the fair value hierarchy levels as follows:

	Hierarchy			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets 31.12.2015				
Available-for-sale financial assets			193,604	**193,604**
Total			**193,604**	**193,604**
Assets 31.12.2014				
Available-for-sale financial assets			193,604	**193,604**
Total			**193,604**	**193,604**

5. Capital adequacy

In accordance with the regulatory framework governing banking operations, Bank is required to comply with capital adequacy (solvency) requirements of the Bank of Greece. The total capital adequacy (solvency) ratio of a credit institution is defined as the ratio of own funds to the sum of risk-weighted assets and off-balance sheet items.

As of 1 January 2014, the Bank had complied with the new regulatory framework “CRD IV” (adoption of Basel III by the EU) as reflected in Directive 2013/36/ EU (CRD) and Regulation (EU) No 575/2013 (CRR). The Directive was transposed into the Greek legislation by Law 4261/2014.

The new regulatory framework requires credit institutions to maintain a minimum level of regulatory capital in relation to the level of risk assumed. The minimum capital adequacy ratios under Article 92 of the CRR and the Bank’s corresponding ratios at 31/12/2015 were as follows:

Ratio	**Minimum**	**Bank of Epirus**
CET 1 ratio	4.50%	6.97%
Tier 1 ratio	6.00%	6.97%
CAD ratio	8.00%	9.29%

6. Net interest income

Net interest income is analysed as follows:

Amounts in €	**01.01 to 31.12.2015**	**31.12.2014**
Interest receivable and similar income		
Loans and receivables from credit institutions	168,333	856,247
Loans and receivables from customers	12,310,685	16,540,640
Total	**12,479,019**	**17,396,887**
Interest payable and similar charges		
Payables to credit institutions	(209,446)	(390,920)
Payables to customers	(4,472,988)	(7,835,490)
Other	(5,978)	(5,328)
Total	**(4,688,412)**	**(8,231,738)**
Net interest income	**7,790,607**	**9,165,149**

7. Net commissions income

Net income from commissions is analysed as follows:

Amounts in €	**01.01 to 31.12.2015**	**31.12.2014**
Commissions income		
Loans	68,919	75,280
Letters of guarantee	613,729	804,620
Imports Exports	16,915	10,867
Credit cards	57,958	42,423
Transactions	95,087	55,344
Other commissions	633,548	858,873
Total	**1,486,155**	**1,847,407**
Commissions expenses		
Other commissions	(1,353)	(188)
Total	**(1,353)**	**(188)**
Net commissions income	**1,484,802**	**1,847,219**

8. Income from insurance activities

Net income from insurance activities is analysed as follows:

Amounts in €	**01.01 to 31.12.2015**	**31.12.2014**
Income from insurance activities		
Income from personnel insurance	10,399	4,010
Income from insurance commissions	75,224	73,624
Total	**85,623**	**77,634**
Net commissions income	**85,623**	**77,634**

9. Net other income/(expenses)

Net other operating income is analysed as follows:

Amounts in €	**01.01 to 31.12.2015**	**31.12.2014**
Net other income/(expenses)		
Credit currency translation differences	28,403	28,817
Income from lease of safe deposit boxes	5,529	9,694
Incidental activity income	17	4,396
Commissions under ROP	0	49,500
PPE grants for the year	2,117	3,549
Other extraordinary income	268,965	5,685
Other extraordinary expenses	0	(98,508)
Other extraordinary profit	2,930	0
Total	**307,961**	**3,133**

10. Personnel fees and expenses

The number of personnel employed as at 31 December 2015 and 31 December 2014 was 76 persons.

The total amount charged to the statement of comprehensive income for personnel fees and expenses is analysed as follows:

Amounts in €	**01.01 to 31.12.2015**	**31.12.2014**
Personnel expenses		
Salaries and wages	2,099,339	2,229,020
Insurance contributions	419,440	414,340
Banking employees insurance fund	112,310	101,044
Retirement benefit obligations	26,701	16,345
Other employee benefits	108,965	88,325
Total	**2,766,754.72**	**2,849,074.08**

11. Other operating expenses

Other operating expenses are analysed as follows:

Amounts in €	**01.01 to 31.12.2015**	**31.12.2014**
General administrative and other operating expenses		
Key management fees - administrative expenses	115,662	94,034
Third party fees	641,575	622,540
Telephone and mail expenses	108,466	105,165
Rents	192,621	192,260
Premiums	70,180	78,486
Public utility networks	65,657	66,049
Taxes and duties	288,744	262,992
Promotion and advertisement expenses	89,231	83,631
Bank contributions	1,005,032	1,169,576
Subscriptions	12,215	12,544
Donations	23,050	26,720
Other expenses	326,051	354,444
Total	**2,938,484.07**	**3,068,440.49**

12. Taxes

Income tax for the year ended is analysed as follows:

Amounts in €	01.01 to 31.12.2015	31.12.2014
Taxes		
Current tax	0	(26,573)
Deferred tax	1,698,342	(528,741)
Total	**1,698,342**	**(555,314)**

It is noted that the Bank is subject to income tax in accordance with the provisions of Law 4172/2013. Pursuant to Article 1(4) of Law 4334/2015 elating to urgent arrangements for the negotiations and the conclusion of an agreement with the European Stability Mechanism (ESM), the income tax rate for legal entities was increased from 26% to 29%. The provisions apply to profit posted in fiscal years beginning on or after 1 January 2015.
Pursuant to Article 5 of Law 4303/17.10.2014 ratifying the order relating to urgent arrangements for the replacement of the Public Revenue Secretary-General due to early termination of office (Government Gazette 136A) and other provisions, deferred tax assets of legal entities supervised by the Bank of Greece, as referred to in Article 26(5), (6) and (7) of Law 4172/2013, which have or will be recognised and result from PSI debit differences and accumulated provisions, and other losses associated with credit risk in general, and refer to receivables up to 31 December 2014, are converted into current assets receivable from the public sector, where the net accounting result represents losses, as per the financial statements that have been audited and approved by the ordinary general meeting of shareholders.
Inclusion in the Law is effected by decision of the General Meeting of Shareholders and refers to tax assets created in or after 2016; inclusion is also possible following the same procedure after an entity has obtained an approval from the competent supervisory authority. Article 4 of Law 4340/2015 introduced modifications as to the time of adoption, which is deferred by one year. In addition, it also limited the level of a deferred tax asset because of the occurrence of credit risk in the context of the said provisions, to the amount corresponding to provisions for credit risk that have been accounted for by 30 June 2015.

By decision of the Extraordinary General Meeting of shareholders of 24 November 2015, the Bank was included in the provisions of Article 27(a) of Law 4172/2013. The maximum balance of deferred assets that may be converted, subject to Article 27(a) of Law 4172/2013, to current assets receivable from the Greek public sector currently stands at 9 million euros.

Below follows an analysis of deferred tax assets for the year ended and the previous year:

Amounts in €	**01.01 to 31.12.2015**	**31.12.2014**
Impairment of PPE	41,092	0
Adjustment of PPE depreciation	(10,803)	22,664
Intangible assets depreciation adjustment	(1,356)	145
Impairment-valuation of receivables	715,087	(593,060)
Employee benefit obligations	9,477	2,251
Impairment of interests	0	204,939
Tax losses carried forward	51,829	0
Other	(12,933)	(165,679)
Effect of change to tax rate	905,949	0
Total	**1,698,342**	**(528,741)**

Below follows the reconciliation between nominal and actual tax rate:

	From 1 January to 31/12/2015		**31/12/2014**	
Profit/ (loss) before tax		-2,768,807		2,034,205
Nominal income tax	29%	802,954	26%	-528,893
Increase/decrease resulting from				
Tax assessed on non-deductible expenses		-10,561		-8,921
Effect of change to tax rate		905,949		0
Provision for income tax		0		-17,500
Balance to income statement		**1,698,342**		**-555,314**

13. Cash with the Central Bank

Deposits with the Central Bank are mandatory deposits of reserves and are not available to be utilised in daily functions of the Bank.

For purposes of preparing the cash flow statement, cash and cash equivalents include the following balances, with a maturity less than 3 months from acquisition date:

Amounts in €	**31.12.2015**	**31.12.2014**
Cash in hand	2,279,629,49	4,195,033,34
Cash with central banks	2,348,605,18	5,296,045,68
Total	**4,628,234,67**	**9,491,079,02**

14. Receivables from credit institutions

The Bank’s receivables from deposits and transactions with other credit institutions are analysed as follows:

Amounts in €	**31.12.2015**	**31.12.2014**
Deposits with other banks	9,018,388.56	35,490,847.46
Total	**9,018,388.56**	**35,490,847.46**

For the purpose of preparing the cash flow statement, cash and cash equivalents means the balances of cash with the Central Bank and receivables from credit institutions.

15. Loans and receivables from customers

Loan receivables from customers are analysed as follows:

Amounts in €	**31.12.2015**	**31.12.2014**
Loans and receivables from customers (after provisions)		
Individuals	**49,005,888**	**48,677,795**
Mortgage	36,061,937	35,669,013
Consumer	12,943,951	13,008,782
Business	**167,645,248**	**165,276,751**
Agriculture - livestock farming	12,357,156	12,897,266
Real estate operation	4,453,175	4,386,701
Commerce	43,696,698	42,310,111
Energy	5,096,949	5,134,029
Construction	24,397,621	24,217,631
Manufacturing	26,973,105	25,727,666
Transport & logistics	6,150,017	6,052,461
Tourism	35,202,114	34,778,191
Services	4,852,502	4,992,987
Other	4,465,909	4,779,709
Public sector	**4,237,870**	**4,640,019**
Total (before impairment)	**220,889,006**	**218,594,566**
Less: Accumulated depreciation	-50,863,324	-44,814,173
Total	**170,025,682**	**173,780,392**

Changes in the loan impairment item are as follows:

Analysis of changes in impairment	
Balance 1 January 2014	**42,950,173**
Changes from 01.01 to 31.12.2014	
Impairment loss for the year	1,864,000
Balance 31 December 2013	**44,814,173**
Impairment loss for the year	6,049,151
Balance 31 December 2014	**50,863,324**

16. Available-for-sale financial assets

The available-for-sale portfolio is analysed as follows:

Amounts in €	**31.12.2015**	**31.12.2014**
Available-for-sale financial assets		
Participating interests in other enterprises	61,020.00	61,020.00
Shares not listed on ATHEX	2,222,107.00	2,222,107.00
Less: provisions for dilution	-2,089,523.46	-2,089,523.46
Total	**193,603.54**	**193,603.54**

No changes were made in the year ended in available-for-sale financial assets.

17. Intangible fixed assets

Changes in intangible assets are as follows:

	Software and other rights	**Total**
Gross carrying amount	931,703	931,703
Accumulated depreciation and value impairment	(797,826)	(797,826)
Carrying amount 1 January 2014	**133,877**	**133,877**
Gross carrying amount	954,855	954,855
Accumulated depreciation and value impairment	(848,954)	(848,954)
Carrying amount 31 December 2014	**105,901**	**105,901**
Gross carrying amount	842,764	842,764
Accumulated depreciation and value impairment	(758,957)	(758,957)
Carrying amount 31 December 2015	**83,807**	**83,807**

	Software and other rights	**Total**
Carrying amount 1 January 2014	**133,877**	**133,877**
Additions	23,152	23,152
Depreciation and amortisation	(51,128)	(51,128)
Carrying amount 31 December 2014	**105,901**	**105,901**
Additions	21,199	21,199
Depreciation and amortisation	(43,293)	(43,293)
Carrying amount 31 December 2014	**83,807**	**83,807**

18. PPE

Changes in PPE are as follows:

	Owner-occupied property	Buildings on third-party property	Mechanical equipment	Transportation equipment	Furniture & other fixtures	Total
Gross carrying amount	4,279,529	1,293,745	267,075	46,479	1,368,729	7,255,557
Accumulated depreciation and value impairment	(71,079)	(480,621)	(252,037)	(24,722)	(919,166)	(1,747,625)
Carrying amount 1 January 2014	**4,208,450**	**813,124**	**15,038**	**21,757**	**449,563**	**5,507,932**
Gross carrying amount	4,404,843	1,295,085	336,360	46,479	1,457,948	7,540,716
Accumulated depreciation and value impairment	(139,929)	(585,823)	(271,479)	(27,500)	(1,058,624)	(2,083,355)
Carrying amount 31 December 2014	**4,264,914**	**709,263**	**64,881**	**18,980**	**399,323**	**5,457,361**
Gross carrying amount	4,272,344	1,295,085	336,360	46,479	1,478,078	7,428,347
Accumulated depreciation and value impairment	(208,202)	(688,383)	(288,262)	(30,277)	(1,186,524)	(2,401,648)
Carrying amount 31 December 2015	**4,064,142**	**606,703**	**48,099**	**16,202**	**291,554**	**5,026,700**

	Owner-occupied property	Buildings on third-party property	Mechanical equipment	Transportation equipment	Furniture & other fixtures	Total
Carrying amount 1 January 2014	**4,208,450**	**813,124**	**15,038**	**21,757**	**449,563**	**5,507,932**
Decrease in value due to revaluation of real estate	(195,815)	0	0	0	0	(195,815)
Additions	0	1,340	69,286	0	89,219	159,845
Depreciation and amortisation	(68,850)	(105,202)	(19,443)	(2,778)	(139,458)	(335,730)
Transfers/Disposals	321,129	0	0	0	0	321,129
Carrying amount 31 December 2014	**4,264,914**	**709,263**	**64,881**	**18,980**	**399,323**	**5,457,361**

Decrease in value due to revaluation of real estate	(141,696)					(141,696)
Additions	9,197		0	0	20,130	29,327
Depreciation and amortisation	(68,274)	(102,560)	(16,783)	(2,778)	(127,899)	(318,293)
Carrying amount 31 December 2015	**4,064,142**	**606,703**	**48,099**	**16,202**	**291,554**	**5,026,700**

As at 31 December 2015 the Bank did not have any commitments for capital expenditure or PPE under financial lease.

Depreciation recognised through profit and loss for the year ended is analysed as follows:

Amounts in €	**01.01 to 31.12.2015**	**31.12.2014**
Depreciation of investment property, PPE, software & other intangibles		
Depreciation of buildings	170,833.78	174,051.20
Depreciation of machinery	16,782.51	19,442.64
Depreciation of transportation means	2,777.50	2,777.50
Depreciation of furniture and fixtures	127,899.19	139,458.42
Depreciation of intangible assets	43,293.30	51,128.26
Total	**361,586.27**	**386,858.02**

19. Deferred tax assets

Deferred tax assets are as follows:

	Balance 01.01.2015	**Recognition through p&l**	**Recognition in equity**	**Balance 31.12.2015**
PPE adjustment	**-274,204**	-1,350	0	**-275,554**
Intangible assets depreciation adjustment	**11,191**	-64	0	**11,127**
Impairment-valuation of receivables	**7,496,425**	1,527,822	0	**9,024,247**
Employee benefit obligations	**51,807**	15,455	-778	**66,483**
Impairment of interests	**544,193**	62,792	0	**606,985**
Tax losses recognised	**0**	35,705	16,123	**51,829**
Other	**22,142**	57,982	0	**80,125**
Total	**7,851,555**	**1,698,342**	**15,345**	**9,565,242**

	Balance 01.01.2014	Recognition through p&l	in equity	Balance 31.12.2014
Charge under Law 4046/2012				**0**
PPE adjustment	**-315,383**	41,179	0	**-274,204**
Intangible assets depreciation adjustment	**29,562**	-18,371	0	**11,191**
Impairment-valuation of receivables	**8,271,870**	-775,445	0	**7,496,425**
Employee benefit obligations	**46,172**	2,251	3,384	**51,807**
Impairment of interests	**339,255**	204,939	0	**544,193**
Other	**5,436**	16,707	0	**22,142**
Total	**8,376,911**	**-528,741**	**3,384**	**7,851,555**

The profit and loss account for the year ended also included deferred tax resulting from the change in tax rates (see note 12 above)
The amount of 16,123 euros recognised in equity under tax losses recognised refers to expenses for share capital increase, which charged the taxable items for the year.
Deferred tax assets are analysed as follows, according to the period of time within which they are expected to be settled:

	Balance 31.12.2015	Settlement period Up to 5 years	Over 5 years	Unspecified
PPE adjustment	**-275,554**			-275,554
Intangible assets depreciation adjustment	**11,127**		11,127	
Impairment-valuation of receivables	**9,024,247**		9,024,247	
Employee benefit obligations	**66,483**			66,483
Impairment of interests	**606,985**			606,985
Tax losses recognised	**51,829**	51,829		
Other	**80,125**	55,427		24,697
Total	**9,565,242**	**107,256**	**9,035,374**	**422,612**

20. Other assets

Other assets are analysed as follows:

Amounts in €	**31.12.2015**	**31.12.2014**
Other assets		
Prepaid taxes	55,575	62,735
Deposit guarantee fund	3,695,254	3,632,894
Assets from auctions	587,519	587,519
Accrued income	657	65,029
Clearing house cheques receivable	1,583,921	2,416,240
Receivables from programmes	832,782	836,833
Receivables from the provision of services	567,382	398,401
Other receivables	215,531	291,484
Impairment of other assets	(180,129)	0
Total	**7,358,494**	**8,291,135**

21. Payables to credit institutions

Payables to credit institutions are analysed as follows:

Amounts in €	**31.12.2015**	**31.12.2014**
Payables to credit institutions		
Deposits		
-S ght	811,886	0
- Time	4,116,214	6,609,369
ELA financing through NBG	8,999,122	0
Total	**13,927,222**	**6,609,369**

22. Payables to customers

Deposits and other customer accounts are analysed as follows:

Amounts in €	**31.12.2015**	**31.12.2014**
Payables to customers		
Sight deposits of individuals	626,995	1,304,664
Sight deposits of companies	14,146,308	12,272,136
Sight deposits of public organisations	9,529,408	10,343,934
Savings deposits	43,720,457	30,006,652
Time deposits of individuals	94,870,127	157,665,167
Time deposits of businesses	4,484,452	5,601,576
Time deposits in foreign currency	5,098,257	4,764,681
Total	**172,476,005**	**221,958,810**

Pursuant to Law 4151/2013, credit institutions operating in Greece must pay any balances in bank accounts that have remained dormant for 20 years to the public sector. In the year ended, the Bank did not have any obligation to pay such amounts to the public sector.

23. Debt instruments and other debt obligations

In the year ended, the Bank issued subordinated bonds in the total amount of 6,021,000 euros. The issue date was set for 31 December 2015 and, as a result, the obligation as at the above date was 6,021,000 euros. The terms of bond issue are described below:

Subordinated bond (common)	
Date of issue	31/12/2015
Maturity	31/12/2025
Years - instalments	One-off payment in year 10
Amount	6,021,000
Bond face value	1,000
Offer price	1,000
Number of bonds	6,021
Interest rate	8.00%
Coupon period	6 months

24. Retirement benefit obligations

The Bank has not officially or unofficially introduced any special employee benefit plan which would pay guaranteed grants in cases of retirement. The only plan in place which was introduced in the past is the obligation (pursuant to Law 2112/20, Law 3198/55 and Law 4093/12) for the payment of a one-off grant on retirement.

Retirement benefit obligations in the statement of financial position refer to:

	Balance sheet	
Amounts in €	**31.12.2015**	**31.12.2014**
Retirement benefit obligations	229,253	199,257
Retirement benefit provisions under Law 2112/1920		
Total	**229,253**	**199,257**

Changes in the item in the statement of financial position and the relevant charge to profit & loss and comprehensive income are analysed as follows:

	Change in present value	
Amounts in €	**31.12.2015**	**31.12.2014**
Obligation at year start	**199,257**	**177,584**
Current cost of service	26,701	16,345
Interest rate cost	5,978	5,328
Indemnities paid	0	(13,016)
Actuarial (gains)/losses for the year - Economic assumptions	(2,683)	13,016
Closing balance	**229,253**	**199,257**

	Income statement	
Amounts in €	**31.12.2015**	**31.12.2014**
Current employment cost Financial expenses	26,701 5,978	16,345 5,328
Total	**32,679**	**21,673**

	Statement of comprehensive income	
Amounts in €	**31.12.2015**	**31.12.2014**
Actuarial (gains)/losses for the year - Economic assumptions	(2,683)	13,016
Total	**(2,683)**	**13,016**

The main actuarial assumptions used are as follows:

Technical interest rate	2.5%
Wage increase	1.5%
Inflation	2.0%
Mortality table	MT_EAE2012P
Net percentage of exit from service (resignations less dismissals)	0.0%
Average age of retirement:	
Men & women: Other insurance classes	67 years
Valuation date	01.01.2016
Insured group structure	Closed: no entry
Fund assets	€0.00

25. Current tax liabilities

Current tax liabilities are analysed as follows:

Amounts in €	31.12.2015	31.12.2014
Taxes		
Current tax	0	9,073
Income tax provisions	105,000	105,000
Total	**105,000**	**114,073**

26. Other liabilities

Other liabilities are analysed as follows:

Amounts in €	31.12.2015	31.12.2014
Other liabilities		
Dividends payable	116,189	328,080
Deferred income	0	0
Accrued expenses	624,149	1,402,278
Insurance organisations	123,080	119,858
Tax liabilities	303,283	249,752
Cheques payable	126,653	3,059,484
Payables for collections on behalf of third parties	300,315	298,626
Payables from interbanking operations	106,229	15,654
Investment grants	3,051	5,168
Other	508,136	470,902
Total	**2,211,085**	**5,949,802**

27. Cooperative capital

The Bank’s cooperative capital is divided into 16,440,694 shares of 0.50 euros each. Changes in shares during the year ended are as follows:

	Number of shares	Face value	Cooperative capital
Opening balance 01.01.2014	**366,878**	**51.0**	**18,710,778**
Capitalisation of reserves	366,878	51.5	18,894,217
Shareholder subscriptions/deregistrations	6,070	51.5	312,605
Closing balance 31.12.2014	**372,948**	**51.5**	**19,206,822**
Reduction of face value by issuing 15 new shares for each old share	5,148,940	3.4	19,206,822
Reduction of face value by offsetting losses			-16,632,352
Allocation of previous period results			
Finalisation of previous year new subscriptions	172,274	0.5	86,137
Cooperative capital increase	11,119,480	0.5	5,559,740
Closing balance 31.12.2015	**16,440,694**	**0.5**	**8,220,347**

28. Share premium

Changes in this item are as follows:

Opening balance 01.01.2014	6,678,909
Period movements	97,843
Closing balance 31.12.2014	**6,776,752**
Period movements	578,906
Closing balance 31.12.2015	**7,355,657**

29. Reserves

The movement of reserves is as follows:

	Statutory reserves	Reserves under the Articles	Subscription right	Reserves for exit of members	Tax-exempt reserves under Law 1882/90		Total
Opening balance 01.01.2014	**869,307**	**434,125**	**495,932**	**-18,562**	**85,976**	**4,700**	**1,871,478**
Shareholder subscriptions/deregistrations			10,300	618			**10,918**
Allocation of previous period results	4,602	2,301		19,000			**25,903**
Capitalisation of reserves under Law 4172/2014 and Law 2065/92					-60,862		**-60,862**
Income tax on reserves					-10,740		**-10,740**
Finalisation of previous year new subscriptions			10				**10**
Return of invested capital				-195,347	0	0	**-195,347**
Closing balance 31.12.2014	**873,909**	**436,426**	**506,242**	**-194,291**	**14,374**	**4,700**	**1,641,360**
Opening balance 01.01.2015	**873,909**	**436,426**	**506,242**	**-194,291**	**14,374**	**4,700**	**1,641,360**
Shareholder subscriptions/deregistrations			1,775				**1,775**
Allocation of previous period results				194,729			**194,729**
Finalisation of previous year new subscriptions			1,690	1,838			**3,528**
Return of invested capital				-22,029			**-22,029**
Closing balance 31.12.2015	**873,909**	**436,426**	**509,707**	**-19,752**	**14,374**	**4,700**	**1,819,363**

30. Commitments, contingent liabilities and receivables

(a) Contingent tax liabilities

The Bank has been audited by tax authorities and has settled all unaudited years up to and including 2006. Financial years 2007 through 2015 have not been audited and, therefore, additional taxes and charges may be assessed when the Bank’s tax obligations are reviewed and finalised for the above years. To address this risk, as at 31 December 2015 the Bank had made provisions charged to profit and loss in the total amount of 105,000 euros, which are considered to be sufficient.

It should be noted that, as at the reporting date, the tax audit of 2008 was in progress; the audit results have not been finalised yet.

(b) Contingent legal liabilities

Applications and claims have been filed against the Bank, in the total amount of 50,000 euros. As the legal department estimates, their final settlement is not expected to have any financial effect on the Bank and, therefore, the Bank has not formed any provisions for such debts. Further, the applications for inclusion in the provisions of Law 3869/2010 are still bending.

The Bank has taken legal action for the recovery of past due debts, in accordance with banking practice.

(c) Restricted assets

Restricted assets as at 31.12.2015 stood at 23.5 billion euros and included:
(a) Restricted deposits with credit institutions of USD 5,830,480, which have been pledged by another credit institution for provision of liquidity;
(b) Collateral (pledge) of 17,721,714 euros on loans and receivables from customers amounting to 32,829,620, which have been pledged by another credit institution for provision of liquidity.

31. Transactions with related parties

Related parties means the members of the Board of Directors and the Bank’s executives, as well as their associates and dependants (spouses, children, etc).

(a) Outstanding balances with Directors and key management

Amounts in €	**31.12.2015**	**31.12.2014**
Receivables		
Loans and receivables	5,194,471	5,383,240
Payables		
Deposits	672,224	481,410
Profit and loss account		
Board of Directors’ fees	95,851	88,032
Interest receivable and similar income	310,020	395,982
Interest payable and similar charges	19,948	19,995

32. Effect of transition to the International Financial Reporting Standards

The Bank of Epirus first adopted the International Financial Reporting Standards in the preparation of financial statements of periods after 1 January 2015. The date of transition to the IFRSs is 1 January 2014, on which the Bank prepared its opening balance sheet.

Reconciliation of reported equity items under previous accounting standards with those recognised in accordance with IFRS

	1 January 2015	1 January 2014
Own funds at year start (SAPB)	**28,466,142**	**28,676,154**
Disclosure of deferred tax assets	7,851,555	8,376,911
Disclosure of employee benefit obligations	-199,257	-177,584
Impairment of property from auction	-85,163	-85,163
Impairment of participating interests	-2,093,051	-1,304,826
Impairment of loans under IAS 39	-30,093,000	-32,374,000
Loan interest not accounted for under SAPB	1,260,597	559,115
Disclosure of deemed cost of property	1,184,852	1,184,852
Transfer of intangible assets to charge equity	-32,786	-32,786
Revaluation of held-to-maturity asset	0	64,256
Adjustment of intangible asset depreciation rates	-40,649	-40,093
Adjustment of PPE depreciation rates	-129,698	-144,861
Settlement of PPE value	132,200	132,200
Settlement of cooperative shares	-151,945	-559,643
Impairment of owner-occupied property	-102,332	0
Grants shown in liabilities	-5,168	-8,717
Provisions for income tax differences	-105,000	-87,500
Equity at year start (IFRS)	**5,857,297**	**4,178,315**

Reconciliation with opening balance sheet 01/01/2014

	Note	SAPB	Adjustments	IFRS
Assets				
Cash with central banks	**1**	12,906,568	-2,187,542	10,719,026
Receivables from financial institutions	**1**	22,665,370	-108,767	22,556,603
Loans and receivables from customers (after provisions)	**2**	208,620,608	-31,806,134	176,814,474
Available-for-sale financial assets	**3**	2,235,399	-1,255,694	979,705
Held-to-maturity financial assets	**4**	22,279	64,256	86,535
Participating interests in subsidiaries and affiliates	**3**	77,990	-49,131	28,859
Goodwill, software and other intangible assets	**5**	247,577	-113,700	133,877
Property, plant and equipment	**5**	4,294,920	1,213,012	5,507,932

Deferred tax assets	**6**	0	8,376,911	8,376,911
Other assets	**7**	7,806,567	1,521,634	9,328,201
TOTAL ASSETS		***258,877,278***	***-24,345,155***	***234,532,123***
Liabilities				
Payables to credit institutions		8,975,751	0	8,975,751
Payables to customers	**8**	218,163,334	-948,666	217,214,668
Retirement benefit obligations	**9**	0	177,584	177,584
Income tax	**10**	80,455	87,500	167,955
Other liabilities	**11**	2,981,585	827,548	3,809,133
Liabilities associated with non-current assets held for sale		0	8,717	8,717
Total Liabilities		***230,201,124***	***152,683***	***230,353,807***
Own funds				
Cooperative capital	**12**	19,281,366	-570,588	18,710,778
Share premium	**12**	6,667,964	10,945	6,678,909
Reserves	**12**	2,030,070	-158,592	1,871,478
Results carried forward		696,754	-23,779,604	-23,082,849
Own funds of Bank shareholders		***28,676,154***	***-23,508,890***	***4,178,315***
TOTAL EQUITY AND LIABILITIES		***258,877,278***		***234,532,123***

Reconciliation with income statement 2014

	Note	**SAPB**	**Adjustments**	**IFRS**
Interest receivable and similar income	**2**	17,396,887	-701,481	16,695,406
Interest payable and similar charges	**9**	-8,231,738	5,328	-8,226,410
Net interest income		**9,165,149**		**8,468,996**
Commissions income		1,847,407	0	1,847,407
Commissions expenses		-188	0	-188
Net commissions income/(expenses)		**1,847,219**		**1,847,219**
Income from insurance activities		77,634	0	77,634
Expenses from insurance activities		0	0	0
Net income from insurance activities		**77,634**		**77,634**
Net other income/(expenses)	**4**	3,133	64,256	67,389
Net operating income		**11,093,134**		**10,461,237**
Personnel expenses	**9**	-2,849,074	3,329	-2,845,745
General administrative and other operating expenses		-3,068,440	0	-3,068,440
Depreciation of investment property, PPE, software & other intangibles	**5**	-386,858	-14,607	-401,465
Impairment provisions for credit and other risks	**2**	-1,864,000	-2,281,000	-4,145,000
Provision for impairment of participating interests and securities	**3**	-788,225	788,225	0
Impairment of PPE	**5**	-102,332	102,332	0
Profit/ (loss) before tax		**2,034,205**		**586**
Taxes	**6**	-555,314	546,241	-9,073
Net profit/(loss) after tax (A)		**1,478,890**		**-8,487**

(1) These adjustments refer to the value of cheques which appear in other receivables under IAS, as they had not been settled at the date of the balance sheet

(2) The adjustment of loans and receivables mainly refers to the adoption of IAS 39 and the establishment of a relevant provisioning policy by the Bank, as well as the accounting for interest under IAS 39.

(3) The adjustment refers to the impairment of participating interests and other securities held by the Bank.

(4) The adjustment refers to a temporary difference resulting from the valuation of a Greek government bond

(5) The adjustment mainly refers to the difference in depreciation rates and goodwill at the time of assessment of the Bank's real estate

(6) Deferred assets are mainly the result of loan impairment.

(7) Adjustments mainly refer to the reclassification of cheques that had not been cleared and the settlement of balances of deregistered shareholders

(8) The adjustment refers to a reclassification of overdraft accounts

(9) Employee benefit obligations were first disclosed in the Bank's financial statements on the first-time adoption of the IFRSs

(10) The adjustment refers to the provision formed for potential tax charges.

(11) The adjustments mainly refer to obligations to net shares of new shareholders with those of deregistered shareholders, and other reclassifications

(12) The adjustments mainly refer to the capital and other reserves that are attributable to deregistered shareholders, and the reversal of 2013 profit allocation which was disclosed in 2014 under the IFRSs

33. Events after the reporting date

Law 4370/2016 concerning deposit guarantee schemes, a deposits and investments guarantee fund and other provisions, was passed on 7 March 2016. The Law transposed into the Greek legislation Directive 2014/49/EU on deposit guarantee schemes (DGS), replacing and abolishing the provisions of Law 3746/2009 on the deposits and investments guarantee fund.

On 22 May 2016, Law 4389/2016 (Government Gazette 94A/27.05.2016) was passed, concerning urgent provisions for the implementation of the agreement relating to fiscal targets and structural reforms, and other provisions. Article 70 of the Law established the framework for the management of receivables from loans and facilities granted by credit or financial institutions, which are transferred or assigned to companies servicing or acquiring receivables from loan and credit facilities.

Ioannina, 16 June 2016

The Chairman	The Treasurer	The CEO	The CFO
Konstantinos Zonidis	Georgios Giannakis	Vasilios Tsoukanelis	Christos Tromboukis
ID Card No. Φ 461644	ID Card No. Ξ 673159	ID Card No. AE 275733	OEE Reg. No 6837- Class A ΤΑΞΕΩΣ